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Ibero-American Summit

Agenda of Third Ibero-American Summit Described

PY1507134793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 93 p 7

[Article by Biaggio Talento]

[Text] Salvador—To defend the interests of a population of 477 million people, some 20 presidents, two prime ministers, and one king will meet as of 15 July in Salvador, Bahia, during the Third Ibero-American Summit of Chiefs of State and Government. For two days, based on the central subject "An Agenda for Development" they will discuss social and economic issues and formulas to increase exchange among the countries of the region.

The presidents will begin to arrive in Salvador on 14 July, but the official opening of the works will take place at 1300 on 15 July in the Bahia Convention Center with a flag raising ceremony of the 20 countries that have confirmed they will attend. Salvador Mayor Lidice da Mata will then launch a stamp commemorating the summit.

The first work session will begin immediately with speeches by President Itamar Franco and King Juan Carlos of Spain. Early in the evening the presidents will be honored with a cocktail party in the Solar da Uniao, one of the most beautiful historical monuments of the city, where there will be a show in which one of the main attractions will be Brazilian pop singer Daniela Mercury.

The work sessions will be resumed on the morning of 16 July during which speeches will be given by U.N. Secretary General Butrus Butrus-Ghali and OAS Secretary General Joao Baena Soares. At noon, the presidents will visit Pelourinho Square and in the afternoon they will attend the final work sessions. At 1800 President Itamar Franco will deliver the closing speech of the summit.

Third Ibero-American Summit Begins 15 Jul

PY1507182893

[Editorial Report] Rio de Janeiro TVE Television in Portuguese at 1640 GMT on 15 July begins live coverage of the opening cermemony of the Third Ibero-American Summit in Salvador, Bahia, Brasil. At 1643 GMT Brazilian President Itamar Franco is seen with OAS Secretary General Baena Soares and other officials.

The announcer says President Franco will soon receive the presidents of the Ibero-American countries. Franco is seen talking to Bahia Governor Antonio Carlos Magalhaes. The following leaders arrive, greet Franco, and take their places: Guatemalan President Jorge Serrano, Mexican President Carlos Salinas de Gortari, Honduran President Rafael Leonardo Callejas, Spanish Prime Minister Felipe Gonzalez, King Juan Carlos of Spain, Ecuadoran President Duran-Ballen, Salvadoran President Cristiani, and Cuban Foreign Minister Robaina. Fidel Castro, dressed in a gray uniform, speaks very slowly when greeting President Franco, then faces the camera, greets people, then walks slowly greeting other presidents. Others in attendance are Costa Rican President Rafael Calderon, Colombian President Cesar Arias Trujillo, Chilean President Patricio Aylwin, Bolivian President Jaime Paz Zamora, (seen embracing Castro), Argentine President Carlos Menem, Uruguayan President Luis Alberto Lacalle, Portuguese Prime Minister Cavaco e Silva, Portuguese President Mario Soares, Peruvian President Alberto Fujimori, Paraguayan President Rodriguez, Paraguayan Foreign Minister Alexis Frutos Vaeskin, Panama's Guillermo Endara, and Nicaraguan President Violeta de Chamorro wearing a knee protector and carrying a cane.

At 1734 GMT the officials line up and the welcoming ceremony begins with the flags being hoisted.

At 1740 GMT the mayor of Salvador gives the keys to the city to Brazilian President Franco and the other Ibero-American leaders. After the ceremony President Franco starts speaking at 1802 GMT, welcoming the heads of state and other officials to Salvador and Brazil. He then reads his welcoming speech saying the leaders' efforts will contribute to building a new world order.

Franco concludes and offers the floor to Spanish King Juan Carlos at 1808 GMT. The king thanks Franco in Portuguese for the welcome. The king says: "We have taken for granted that the international order and relations among states can only be understood and developed under the authority of international law as the sole guarantee of respect for the principles of equality and sovereignty. We also decided during our past summits to carry out concrete cooperation projects for the benefit of our peoples." King Juan Carlos ends his speech at 1817 GMT.

Franco thanks the king and then asks the summit delegates to remain seated while the press leaves the hall. TVE coverage ends at 1819 GMT.

President Franco Speaks

PY1507195693 Rio de Janeiro TVE Television in Portuguese 1802 GMT 15 Jul 93

[Speech by President Itamar Franco to open the Third Ibero-American Summit at the Convention Center in Salvador, Bahia—live, in progress]

[Text] ...chiefs of state and government. Messrs. chiefs of state and government, [Bahia] state governor, state mayor, foreign ministers, ministers, ladies and gentlemen: No Brazilian city other than Salvador could be a more legitimate host for this meeting. The hospitality of the entire Brazilian people has gathered here to welcome your excellencies. This territory—where the warmth of the tropics fills the heart and soul of its people, where the Portuguese ships ended the long trip interrupted by Ulysses in the sea off Lisbon—gave birth to all sorts of conjectures in those times in which myths and history marked the fate of our civilization. The Western project, which came from the eastern hemisphere, was concluded here.

Bahia, with its fascinating religious spirit, the creative force of its artists, the beauty of its people whose veins carry every type of blood, whose souls have all sorts of dreams, is one of the great symbols of the Ibero-American community.

Here we see how enriching the meeting of those who came from Africa with those who awaited them on the American continent was for this peninsula.

May you be welcome in our home. We have come from one side of the Atlantic to another. We share common cultural aspects and a growing political affinity. However, the current times demand that we take more bold steps so that we can exploit our own political space, so that we may be willing to cooperate and speak in solidarity.

It is our duty to take advantage of the possible opportunities that surface for the well-being of our people.

Our reflections will contribute to strengthening our friendship, which will, in turn, contribute to the construction of a new world order. The international society we aspire to and that, God willing, we will construct will allow us to preserve the cultural identity of each and every one of our nations and to promote effective solidarity among mankind.

Here we confirm our commitment to the principles of a representative democracy and the sacred respect for human rights.

The main right in any organized institution is the right to liberty under the law.

We have decided to devote this meeting of chiefs of state and government to exchanging ideas on development, especially social development. We are inspired by the UN secretary general's report and UN General Assembly Resolution No. 47/181.

We are motivated by the fact that the serious social situation in many of our regions violates human dignity and jeopardizes economic development.

In Guadalajara, where we met for the first time, and in Madrid we took concrete steps to broaden the horizons of our common activities. In Salvador we will offer an important contribution to the international community with our effort for development, under the guidance of the United Nations, based on the report the UN secretary general will present at the 48th UN General Assembly this year. This is a task that deserves our dedication on account of its urgency and dangerousness. We must conclude what we began in order to maintain peace and security in the world, by solving the international economic problems. Without this, peace and security will be in great jeopardy. The increase in poverty, environmental degradation, and the obstacles to development worsened by migratory pressures demand urgent solidaristic action in the interest of everyone, rich and poor, industrialized and developing countries.

I want to end my welcoming speech by recalling a great Brazilian statesman who was born in this city, Bahia de Todos Os Santos, the baron of Cotegipe.

Cotegipe, who always upheld a rapprochement with our South American neighbors, shed a bright beam of light that may inspire this summit: Action brings pleasure to the soul.

With the pleasure this brings to my soul, I want to inform your excellencies that I have submitted to Congress a draft bill making the Spanish and Portuguese languages a compulsory subject in the first and second primary school grades throughout Brazil. Thank you very much. [applause]

Condemns 'Unfairness,' 'Exclusions'

PY1607013793 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 15 Jul 93

[Text] President Itamar Franco addressed the second working session of the Third Ibero-American Summit as well, and again insisted that international economic relations must change:

[Begin recording] The international community will have to stimulate participation instead of sponsoring exclusion, as has been occurring in the history of international relations. This exclusion generates unfairness and violence within nations and among them. We must end the brutal exclusions represented by racism and totalitarian nationalism; the exclusion of future generations through the irrational depredation of the environment; the exclusion represented by disparity among nations, which is made worse by protectionism; the exclusion exerted through unfair usurpation of the results of common labor, and of the benefits of the state by privileged groups; and, more serious still, the sum of all these exclusions, which is the exclusion of huge groups of human beings, who are subject to underdevelopment and threatened with seeing their misery perpetuated. [end recording]

Spanish King Juan Carlos

PY1607001293 Rio de Janeiro TVE Television in Portuguese 1808 GMT 15 Jul 93

[Speech by Spanish King Juan Carlos, delivered partly in Portuguese and partly in Spanish, to the Third Ibero-American Summit at the Convention Center in Salvador, Bahia, Brazil—live]

[Text] Mr. President of the Federative Republic of Brazil; presidents and chiefs of state of the Ibero-American countries; representatives of international organizations; special guests; ladies and gentlemen.

I warmly thank the president of the Republic of Brazil for the cordial words with which he welcomed all of us to his country and to this beautiful city of Salvador, which is so full of history and symbolism.

Salvador is one of the few cities that reflects the spirit of our Ibero-American community. Its harmonic synthesis of races and cultures has produced an outstanding personality that is portrayed by its vitality, its unending creative capacity, and its rich architecture, features that are magnificent expressions of the fruitful coexistence of factors coming from very different origins.

Today our Brazilian friends call us to a new Ibero-American meeting of chiefs of state. Their call is in perfect harmony with Brazilian foreign policy, which is marked by its active international role and by its sensitivity to mankind's major concerns.

Thanks to this initiative, we will hold a third meeting. Two years ago, when we were summoned by Mexican President Salinas de Gortari, we had the feeling of engaging in something new, and the feeling that we were entering into an irreversible course of growing cooperation.

Today the meeting has become a habit that encourages us all to jointly work to preserve and protect what unites us.

The Ibero-American conference has already become a new political stage, a pluralistic, original forum. Built in the course of centuries, this long coexistence has resulted in a common conception of man and of the world, and in values, principles, and objectives that all of us share.

We are not aiming at setting a new course for history. The course of Ibero-American history has already been set. We want to move forward along this course, hand in hand with democracy, respect for human rights, and development for the people.

Our task is to give impulse to this endeavor. That is why we said in Guadalajara that, being aware that we are one of the great blocs in the current world, we wanted to project the power of our conmmunity into the third millennium.

Our firm convictions in everything dealing with the freedom of man and the freedom of nations, with human rights and with the constitutional principles of democracy, have been reflected by the public and timely statements with which our governments have upheld these convictions, and have clearly and firmly rejected attempts to break the constitutional, democratic order that was freely established by the Ibero-American nations.

We have taken for granted that the international order and relations among states can only be understood and developed under the authority of international law, as the sole guarantee of respect for the principles of equality and sovereignty. We also decided during our past summits to carry out concrete projects of cooperation for the benefit of our peoples.

In a prudent, realistic manner, we have already begun to work in areas that are strategic for social development, such as education, health, and the indigenous populations.

Thus in the education area we are using new technological instruments, such as the (Espa-Sat) satellite for transmitting educational programs.

We have the possibility of incorporating several thousand Ibero-American university postgraduates into the (Mutis) [expansion unknown] scholarship program over a five-year period.

With the cooperation of the Organization of Ibero-American States for Education, Science, and Culture, we have also set in motion a joint project against illiteracy that is already benefitting some Ibero-American countries.

We have also supported—simultaneously with the United Nations declaring the international year of indigenous peoples of the world—the agreement creating the Indigenous Fund, whose objective is to help solve the problems posed by the socioeconomic development of those communities.

The governments and the Pan-American Health Organization are concertedly and fruitfully working in the design of specific programs in the health area.

Our Brazilian hosts are now calling on us, in timely fashion, to concentrate on problems of development, and especially on the problems posed by social development. This focal point coincides with one of our common convictions, namely, the intimate relationship between democracy, development, and human rights.

The world of today, which is dramatically looking for a course, for consistency, and for an organizational model, shows us every day—and frequently in a tragic way—that the achievements of civilization are very unequally shared.

Starvation, disease, and the marginalization that still exist in large areas of the planet should encourage us even further to redouble our efforts to fight them.

I sincerely believe that one of the obligations of the Ibero-American community of nations is to work along this path, without letting dramatic situations frustrate the hope that many people have in a better future.

Yet I would not like to fail to mention reasons for optimism. Under these circumstances, Ibero-American nations have implemented—with admirable capacity of reaction, and in several cases with actual success—modernization policies and structural adjustment processes. Such policies and processes undoubtedly call for international understanding and cooperation, in order to alleviate the social cost and the sacrifices that they entail, so that their success might be consolidated.

Convinced that there can be no strategy, other than a universal one, the United Nations are about to design a development program that will properly supplement the efforts to reach peace.

Within this framework all the countries of the world will in two years participate in a world summit on social development.

From the other side of the Atlantic Ocean, Spain—a country that has also embarked upon a development process and a regional integration process—declares its full willingness to back this initiative with its own efforts and with its historical experience.

Security and peace, political development, economic growth, social development, democracy, and human rights are the factors of a single equation that all of us should jointly solve.

The Ibero-American Summit must make its specific contribution to this historical task. As did our host President Itamar Franco, I too call on you to join this effort, because I am sure that the debates of this conference will serve to reinforce our cohesion and reaffirm the influence of our community in the international arena, and because I am confident that they will be profitable for us and for the other nations of the world. Thank you very much.

Cuban President Fidel Castro

FL1607133593 Havana Radio Rebelde Network in Spanish 2300 GMT 15 Jul 93

[Speech by Cuban President Fidel Castro at the Third Ibero-American Summit in Salvador, Bahia, Brazil on 15 July—recorded]

[Text] Honorable Itamar Franco, president of the Federative Republic of Brazil; Your Majesty; Excellencies: We are meeting at a time of world crisis and conflicts of all kinds.

The prospect for peace, stability, and development that arose when the Cold War ended has not materialized. We live in a world rent asunder by ethnic violence, fratricidal wars, the traumatic fragmentation of nations, interventionism, insecurity for the countries of the Third World, and growing scorn for the principles of national sovereignty. There is talk about the beginning of a decade of hope for Latin America because certain indicators—those relating to inflation, the budget deficit, and the influx of capital—have improved. But let us not deceive ourselves. Never before have there been as many poor and marginalized persons on our continent. Never before have Latin American countries been subjected to greater plunder.

In the last 12 years, due to only two things—the payment of the servicing of the foreign debt and the losses associated with uneven exchange, Latin America has parted with 700 billion dollars—the famous debt.

Nevertheless, this debt is today over $450 billion. Trade deficits are reappearing. Production per inhabitant is barely what it was 15 years ago. The influx of capital does not even remotely make up for the amount of capital flight that has occurred, the amounts that have been sent abroad, since 1980.

The applied remedies increased inequality and exacerbated the living standards of the great majorities. Extreme poverty spread to almost half of Latin America's population. Unemployment increased. Real wages decreased. Over 8 million children under five years of age are undernourished, and, annually, close to 700,000 of them die before reaching the age of five. The population, and marginality, is increasing explosively in the big cities. Deterioration of the environment is accelerating. Social violence and insecurity are growing. Drug traffic, encouraged from abroad by an insatiable and uncontrolled market, is consolidating itself as a supranational system of corruption and crime.

We are very grateful to Brazil for having made social development the central topic of this meeting, and for its efforts to draw up and approve concrete programs. What does one want economic growth and material production for, if not for the benefit of the population? Not just a privileged portion of the population, but the entire population! I have always wondered if the future is possible; if the independence, security, and development of our countries is possible; if our countries' dreams of well-being and social justice are possible without there being the tightest unity among their economies and their forces? I always supposed—back from the first meeting in Guadalajara, and I still think it—that this would have to be our essential objective. Although for us to gather without anyone's permission has been a great, historic step, and although we are able to show concrete results, what the great strategic aim of our efforts should be does not yet seem to be sufficiently clear.

At the Tokyo meeting, our serious problems were not even considered. It is not a matter of every country in our area's trying to save only itself because that is an impossible dream in a world that is today dominated by industrial and political giants. We need to, all together, create a giant, in order for us to be able to really develop, and enjoy peace, independence, and security.

Yesterday, we were one enormous colony. We can tomorrow be a great community of closely united peoples. Nature gave us insurmountable wealth, and history gave us roots, a language, a culture, and common ties that no other region on earth possess. We Latin Americans—over 400 million of us—do not have a single permanent representative on the UN Security Council. From that body, the powerful are today attempting to govern the world. Why does Latin America not play a more active role in the United Nations? Why does it not demand that that institution be democratized and reformed?

When the United Nations emerged, it was comprised of only 50 nations. Countless countries had not yet freed themselves from colonial status. The United Nations is today made up of almost 200 independent nations. To democratize the United Nations and its Security Council would imply many things, among them abolishing the unjustifiable privilege of veto and establishing the principle of periodically electing all members of that body—without exception.

However, if greater changes are not at present possible, it would at least be very logical for the total number of Security Council members to be increased proportionately so membership could be distributed equitably by region; and for the number of permanent members to be tripled, so that among the latter, Latin America, Africa, and Asia could each have two or more such members, the way Europe has today. In such a case, to exercise the veto would require the participation of several permanent members, not just from a single nation. And under any and all circumstances, it should be demanded of the Security Council that the Council fulfill its obligation, consecrated in the UN Charter but ignored in practice, to report to the National Assembly [as heard].

Does anyone think that others are going to take such initiatives at the United Nations, to do justice to the Third World and other nations which are today marginalized and discriminated against? Forgive me for having broached such complex problems in such a short amount of time.

I cannot forget about Cuba—brutally blockaded, harrassed, and threatened because it is small, has sought social justice, and refuses to give in. For Cuba, which is struggling, I ask solidarity of my Latin American brothers. Thank you very much. [applause]

Colombian President Gaviria

PY1607030993 Madrid EFE in Spanish 2059 GMT 15 Jul 93

[Text] Salvador (Brazil), 15 Jul (EFE)—Colombian President Cesar Gaviria stated here today that it is no longer enough to defeat violent people or to overthrow tyrants if poverty is not eradicated.

Addressing the Third Ibero-American Summit here, Gaviria said: "If we want a permanent, stable world peace we cannot simply break belligerent factions apart with the support of multinational forces."

"To succeed we must promote that durable peace which can only be built through collective effort aimed at achieving well-being."

Gaviria also stated that the Ibero-American community expects their leaders to overcome rhetoric "so that this summit might yield answers that would encourage them to believe in democracy, in integration, and in our ability to change things."

Gaviria devoted most of his speech to international trade restrictions, especially the tariff barriers imposed by developed countries against agricultural products from poor countries.

Gaviria said: "After decades of protectionist and statist-oriented policies, new polices based on private initiative, free trade, and competition have now emerged victorious in every corner of the Earth."

He added: "It is no secret to anyone that the developing world has placed its hopes upon international trade as the tool that will lead us to collective prosperity."

Gaviria noted that economic freedom is a powerful concept that is attractive to people because it gives new opportunities to workers and employers alike.

He stated that "on a global scale, it is paramount that the Uruguay round of the GATT talks end successfully." He said "this is an appeal to common sense; it is even a call for social justice."

Gaviria added: "Protectionism is removing the food from the tables of millions of peasants who make up the bulk of poor people in the world."

He said: "By granting economically unjustifiable privileges to politically powerful rural minorities in rich countries, protectionism is violating the legitimate rights of the peasant masses in developing countries to produce and to compete."

Gaviria conveyed his belief that the regional integration processes now under way in the Americas are not simpy trade pacts "but true remedies for poverty and unemployment."

Finally, Gaviria stated that Latin America now has the historic opportunity to lead that process "if we are determined to reconcile, before the end of this century, all those regional and partial processes of integration and free trade now under way in the hemisphere."

Argentine President Menem

PY1607021493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2151 GMT 15 Jul 93

[By special correspondent]

[Text] Salvador, 15 Jul (NA)—Argentine President Carlos Menem today aimed an indirect blow at his Cuban counterpart Fidel Castro in improvised remarks during his speech to the Ibero-American summit. Menem said that "it is unacceptable that in the current world there should still be dictatorial regimes that subjugate people and destroy human dignity."

Menem briefly stopped reading the text of his speech and, though without directly alluding to the situation in

Cuba, emphasized his disapproval of dictatorial regimes that "destroy the possibilities for a man to be creative and useful to society."

The Argentine president, who delivered his speech shortly before 1700, was the ninth speaker in the opening session of the Ibero-American Summit, which has so far been marked by his exchanges with the Cuban leader.

Menem seemed to have carefully selected the time for once again criticizing Castro, who was seated seven presidents away from Menem to the Argentine president's right.

Menem demanded "new guidelines for more democratic and equitable participation of men in world society."

"Freedom is an essential condition for socially oriented development," the president said, adding that "we must guarantee the full exercise of freedom, because it is inherent to human nature."

This, he went on, should be implemented "within the political context, through appropriate forms of government and social participation," and within the economic context "by promoting free initiative and by creating conditions for the free sale of the products that they turn out."

"Yet men should also be free to grow and achieve development in a free world," Menem said. He then raised his eyes from the text he was reading, and without looking toward where Castro was, improvised a passage in which he said that "it is unacceptable that in the current world there should still be dictatorial regimes that subjugate people and destroy human dignity."

In his speech Menem said that "we do not want a new international order just because the old one, which was plagued by serious threats and unacceptable oppression, no longer works."

"We want a new order because history and the current circumstances show us that it is imperative to build new global structures for coexistence and solidarity, in an increasingly small and interdependent world," he added.

The president then said that "peace cannot be achieved simply by reducing or eliminating arms, but essentially by building an order based on justice, to avoid tension and violence," and by promoting "active solidarity to reduce the growing gap between the very rich and the very poor."

Menem said that "in the final analysis, our struggle to grow and participate is, in each society and in the relations among nations, a struggle to achieve and consolidate real human development in the political, economic, social, and cultural areas."

He noted that to this end "we must improve and expand education, give minimum health care to everyone, promote scientific development, and facilitate access to modern technology."

He said that in any case, in addition to these conditions, "we all need more dialogue and cooperation based on solidarity between rich and poor nations, a communications channel through which we can implement a long-term, authentic world economic growth program with social emphasis."

In the final part of his speech, Menem said: "We want democracy, because our essence is freedom and nothing is possible or worth it without this. We want peace, we want integration among ourselves, but we want to remain open to the world. We want juster societies with stronger solidarity, societies that can wage an all-out, joint fight to wipe out starvation and poverty from our region. We want to give man an environment in which he can live within nature, not above nature."

Before ending his speech, Menem again briefly improvised, this time in warmly praising and saying goodbye to Paraguayan President Andres Rodriguez and Bolivian President Jaime Paz Zamora, who next month will end their respective terms.

Peruvian President Fujimori

PA1607013593 Lima Radio Programas del Peru Network in Spanish 1929 GMT 15 Jul 93

[Speech by Peruvian President Alberto Fujimori at the Third Ibero-American Summit in Salvador, Bahia, Brazil—live; broadcast in progress]

[Text] ...one of the richest countries on the continent is plunged in underdevelopment and backwardness. Why have we not been able to build a more just society, a better society for the majorities? Common citizens are asking those questions with increasing insistence. They are citizens who, living in a system they do not trust because of its existing inequalities, have always viewed themselves as silent witnesses.

I have no doubt that the main cause behind this situation in my country has been the prevailing political system. It is an ambivalent political system that would become a dictatorship or a pseudo-democracy, but in either case it would wind up forgetting the main national interests.

An opposition party was victorious because the ruling party failed, and so on. That is how a wealthy country like ours was running the serious risk of not surviving.

What would have happened in Peru, the most difficult country to rule in the region, if drastic measures had not been taken to avoid total anarchy caused by the criminal violence of two terrorist groups? As in other times and other countries, the political system was collapsing, thus threatening Peruvian society with the abyss of a Pol Pot-style or fascist totalitarianism.

My view of my country's political reality and democracy is completely opposed to a myopic conformity devoid of real and practical solutions. Can we call it a democracy and defend the system knowing that it is based on a permanent balance between the [word indistinct] and top classes that have always held power at various levels? Of course not. However, that reality has generated violence, corruption, and a lack of attention to the basic needs of the country's majorities. If the institutions and the power groups were governing for their own interests, would it be too bold to say that the system is outdated and that the concept of true democracy needs to be revisited and, consequently, the ruling political system redesigned? In Peru, the ill-named democratic institutions were incapable of resolving the enormous social problems or closing the gap that separates us from the developed world.

As part of this Ibero-American community that has converged upon this warm and friendly country, allow me to make my contribution by telling you a little about our efforts, which are directed at laying the foundations of development with equality. These efforts are having undeniable results. We can now reaffirm our conviction that recovery in Peru is completely feasible.

Much has been achieved during these three years of government. We are controlling the inflation rate. We have brought it down from the 50 percent we received to the current 2 percent, thanks to strict fiscal discipline. We have also exchanged the negative reserves we inherited for reserves of more than $2.5 billion, again thanks to fiscal discipline. We have reentered the international financial community. We are now eligible for credit, and foreign capital has begun to flow into the country after many years. During this time we have begun a moralization process within the judicial administration system so the people will have access to its benefits.

Beyond all this, we are defeating terrorism within an unconditional framework of human rights. That means we are managing the recovery of a country whose primary asset is to be able to [word indistinct] again.

To manage this, we made the firm decision to govern; to overcome the unsurpassable barrier between the impossibility of governing and the right to live in peace. Of course we still have a long way to go, but we cherish the hope that by the end of my administration, Peru will be a totally different country from the one we inherited.

Of all the challenges we face, achieving national peace is the most important. Once terrorism is defeated there will be no more killing. It will benefit not only our country but the whole region as it will eliminate the possibility of this plague spreading to neighboring countries, thus preventing the terror and violence we Peruvians have suffered from touching others.

As a significant part of this unique government experience, I must highlight the enormous determination of the Peruvian people, both civilian and military; their understanding and sacrifice to withstand radical changes with the conviction that it would be worth all their efforts to create a truly democratic country with opportunities for all. That would be the fulfillment of the historic aspiration of all Peruvians. Thank you.

Nicaraguan President Chamorro

PA1507231993 Managua Radio Sandino in Spanish 1835 GMT 15 Jul 93

[Speech by Nicaraguan President Violeta Chamorro at Third Ibero-American Summit meeting in Salvador, Bahia, Brazil—live; broadcast in progress]

[Text]...development depends on an economy that is capable of offering employment and progress to our people and on the political will to work for the most vulnerable sectors.

Peace, economic development, and social justice must go hand in hand in a democratic and legal state. Since I assumed power in my country on 25 April in 1990 by popular mandate, I have been implementing a policy of national consensus and reconciliation.

After 10 years of cruel war, my first concern was to end the war and strengthen peace. We have succeeded, but the cost of demobilizing 22,000 contras and reducing the army from 87,000 to 15,000 men has been high. But there was another big problem aside from the belligerent armed groups: Thousands of war weapons were in the hands of civilians both in the countryside and the cities. We used dialogue and reason to eliminate that threat to peace. We offered to purchase the weapons. So far we have recovered more than 68,000 of them, all of which have been destroyed before the people in a special ceremony as a testimony of our will to initiate an era of peace and fraternity among Nicaraguans.

As a result of the years of war and confrontation that Nicaragua unfortunately had to endure, my government inherited a grave economic situation and a huge social debt.

Since 1990, Nicaragua has met all the requirements, agreements, and commitments acquired with multilateral organizations and the international community to stabilize the economy and promote the structural adjustment process. In spite of the excellent results secured in the stabilization effort, we have not been able to reach economic growth following 14 years of plunges in our GNP because of the wars between 1978 and 1990.

The challenge posed by the three transitions that we have had to endure—moving from war to peace, from totalitarianism to democracy, and from a state economy to an open economy and competition—has been most difficult because of the deteriorated Nicaraguan economy.

My administration has worked for an orderly transition from war to domestic and foreign peace. We had to fight against a lack of understanding among domestic and international sectors that either could not understand or accept a pluralist national reconciliation policy with the participation of all parties. Fortunately, with God's help and the help of men of goodwill, we have been able to maintain and consolidate peace in the country.

To facilitate that transition, this year we created the Social Action Ministry that is coordinating a reactivation program to promote social projects as a priority task of my administration. To that end we are promoting an integral reform program in the social sector to complement the country's economic reforms.

Social policies cannot be the product of government decisions only. Communities can contribute with their ideas, experience, and resources. That is the formula for the new social model in Nicaragua.

In the struggle against extreme poverty, we are promoting and sustaining a social security network for the most vulnerable groups. We also have programs to give economic opportunities to the poorest sectors.

Heads of state and government; I want to say that my government believes that our countries need a change of attitude to correct the habit of resorting to violence in the search for solutions to political and social problems. Our governments must end that tradition by making investments in education for democracy. Our children are our greatest asset. We must educate them so they are able to face tomorrow's challenges efficiently. We must also promote respect for the environment and environmental preservation and pride in our cultural values and the important role of women in our society.

Heads of state, friends; I firmly believe that our people's progress can be secured only in an atmosphere of peace, respect for human rights, and in the exercise of a republican democracy capable of guaranteeing investments and of bringing investments to promote sustained productivity.

Economic growth will allow us to invest greater resources in social programs that will improve the standard of living of the least favored sectors of the population. I am convinced that if the benefits of economic development are not used to improve living conditions in our nations, the sustained economic development we want will never come, democracy will not be consolidated, and the people will not prosper. Economic development must go hand in hand with social development so our people can have a better present and a better future and so peace and democracy will always be with us. Thank you.

Panamanian President Endara

PA1607005693 Panama City Radio KW Continente in Spanish 1957 GMT 15 Jul 93

[Speech by Panamanian President Guillermo Endara at the Third Ibero-American Summit in Salvador, Bahia, Brazil on 15 July—live or recorded]

[Text] Mr. President of the Republic of Brazil, Your Majesty the King of Spain, presidents of brother nations of Ibero-America, foreign ministers, distinguished guests, ladies and gentlemen:

The majority of the Ibero-American countries have experienced positive economic growths in recent years. We have controlled inflation and have had a clear administration of the macroeconomic factors. Nevertheless, large sectors of our populations continue to live in poverty, and social conditions continue to deteriorate.

There is a long-standing pattern of unequal growth in our region. Its most visible and dramatic signs are child abandonment, the lack of a future for youths, the disintegration of families, crime and violence, and a lack of attention to the most moderate groups. Allowing poverty to continue is inadmissible as it threatens the future of our nations in many ways. We must point out that democracies need integrated societies that will make feasible their governability, stability, and improved institutions.

Individual and combined actions to correct that situation have begun. For example, my government is working hard to support the neediest classes in the nation. We have special housing programs, improved hospital facilities and health services, new schools, and improved public services in remote areas that are usually forsaken. Those are just a few examples of a policy that is being implemented with a new concept of development.

In December 1991 the Central American presidents pledged themselves to the Tegucigalpa Agreement. We decided to give regional priority to human development, and we agreed that an effective development policy must guide economic growth at the service of people with the goal of improving their living conditions.

In light of that national and regional commitment, we are very pleased to see that this Third Ibero-American Summit is discussing the topic. We definitely support the idea of committing ourselves to an agenda for development with an emphasis on social development. We support the interest in placing man's overall development at the center of world attention. The best way to cope with poverty is to involve the entire population in productive activities under conditions of full enjoyment of human rights and democracy.

We must ensure the effective implementation of this new agenda for development, and we must follow through with all necessary actions to confront the problem. This Third Ibero-American Summit should be considered the starting point for encouraging an initiative that will commit international and regional organizations that promote development and credit. We need them to provide us with extended technical and financial support for national programs to overcome poverty. The international community must commit itself to our governments on the principle that human development is our region's main concern.

As an example of the cooperation we propose, I want to mention the ideas jointly discussed with the UN Development Program and the Inter-American Development Bank. Those organizations admit that economic reform must be accompanied by social reform that will guarantee their feasibility. They propose a specific plan for its implementation. I support such ideas, because we must guarantee that in the democracy for which we have fought for years, we will provide effective responses to the wishes of our poor, who been silenced for years. That should allow us to lend regional support to efforts made at the international level to attain the goals we will establish in this summit. The transfer of power from one administration to the next is an essential characteristic of our democracies. Therefore, the commitment of all present and future governments and of the international organizations should remain unchanged for the continued benefit of the neediest sectors.

Honduran President Callejas

PY1607015093 Madrid EFE in Spanish 2220 GMT 15 Jul 93

[Text] Salvador (Brazil), 15 Jul (EFE)—Honduran President Rafael Callejas today urged those attending the Third Ibero-American Summit to promote strong investments in their nations in order to overcome social backwardness.

Callejas emphasized the "great solidarity" displayed by Mexico, Venezuela, and Colombia in opening their markets "under advantageous conditions" to help the Central American countries.

He said this example should be followed to help those countries "which are unable" to successfully undertake the task of achieving socioeconomic development and of fighting poverty.

To this end, Callejas said, each Ibero-American country must apply "a program that is consistent with its own reality."

Callejas also cited as an example the commitment signed by the Central American countries in Tegucigalpa, "which focuses on objectives, goals, and resources for social development."

Callejas said: "Our peoples demand urgent solutions, and that governments commit themselves to meeting social needs."

The Honduran president also warned that "policies aimed at promoting the development of human resources must be intensified." He described this as essential to supporting investments and economic growth.

Costa Rican President Calderon

PY1607022993 Madrid EFE in Spanish 2106 GMT 15 Jul 93

[Text] Salvador (Brazil), 15 Jul (EFE)—Costa Rican President Rafael Angel Calderon today stated in Salvador, Bahia State, that true peace is not just the lack of war, of guerrillas, or of military conflicts, but that which stems from development in justice and freedom.

Calderon said: "Today peace must go hand in hand with development. Today development must go hand in hand with democracy. Those nations which had chosen the authoritarian, totalitarian way to development have ultimately restored democracy in the wake of sharp blows and disappointments."

He added: "Today, people are justifiably claiming their right to a form of development that respects the right to human life, dignity, and rights. This development must serve to promote the common good."

In his speech at the Third Ibero-American Summit in Salvador, Calderon stated that "the peoples are not only demanding their right to achieve economic development, but are also demanding their right to an integrated development which promotes and dignifies each and every man."

Calderon added that the integrated development must be sustainable, must not endanger the life or health of future generations, and must guarantee "a better standard of living for our children and grandchildren."

He said: "It must guarantee the survival of the earth. In sum, today development must go hand in hand with democracy, peace, and environmental protection."

The peoples are demanding "a form of development that should be placed at the service of human beings. This development cannot discriminate against anyone for reasons of religious beliefs, race, social standing, or sex. Thus, we are endorsing at this forum the right of women to participate in every sector of human life."

Calderon emphasized that "the time has come for economic integration and for free trade agreements. The time has also come for harmonious cooperation among all nations on the basis of solidarity and friendship."

Calderon said: "The fight against poverty is thus a form of struggle for nature and for sustainable development. It is a form of struggle for life."

Addressing chiefs of state and government from Latin America, Spain, and Portugal, Calderon said that the only war small countries are willing to wage is that against poverty, "a war in which the ultimate objective is to make each country a stronghold for integrated development."

Calderon added that "to outline, in conjunction with other sister nations, those strategies and tactics aimed at waging this war for the sake of human beings, Costa Rica is represented here today at this Ibero-American meeting."

Uruguayan President Lacalle

PY1607035793 Madrid EFE in Spanish 2016 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Uruguayan President Luis Alberto Lacalle said today at the Third

Ibero-American Summit that "social development is not different from political development."

Lacalle was the first of the chiefs of state and of government who did not read a prepared speech during the first day of the summit. He dedicated the seven minutes assigned to him to explain the need to work on the social issue with a sense of political responsibility.

He pointed out that the issues discussed at the level of chiefs of government should be immediately implemented by the appropriate organizations.

He said: "Currently legitimacy is not the most serious difficulty in the democratic system. That which is most serious is the following day syndrome [el sindrome del dia siguente], the sensation of effectiveness that we must return to the peoples as an appropriate instrument for solving problems."

He added: "If we are satisfied with legitimacy only, some day we will realize that legitimacy is only a method, a means, and not a goal."

The Uruguayan president emphasized: "Our people vote for us to effectuate the sort of legitimate administration we have, but they are also seeking an appropriate way of modifying reality. The important duty we have to fulfill therefore has to be achieved not only through institutional reforms, but largely through political behavior."

In Lacalle's opinion, the central idea of development lies in the effectiveness of the political and administrative system.

He said: "The democratic regimes must be applied to reality and to the obligation of being effective; otherwise they will endanger their origins and their support."

Lacalle gave special emphasis to the issue of youth. This is one of the three issues on which Uruguay will center its efforts during the summit. The other two are economic development, but rejecting protectionist policies, and the implementation of the Market of Knowledge.

In his speech the Uruguayan president invited the Ibero-American ministers in charge of the area to visit his country in April 1994 to discuss the problems being faced by young people.

Lacalle concluded by saying: "The young areas of society carry the burden of all the social problems, and also the solution to them."

Mexican President Salinas

PA1607051193 Mexico City Canal 13 Television Azteca Network 0300 GMT in Spanish 16 Jul 93

[Speech by Mexican President Carlos Salinas de Gortari at the Third Ibero-American Summit in Salvador, Bahia, Brazil on 15 July—recorded]

[Text] Itamar Franco, president of the Federative Republic of Brazil; Your Majesty; messrs. heads of state and government; leaders of international organizations; ladies and gentlemen:

Ibero-America is meeting for the third time. This is not just another event but the confirmation of an extraordinary and innovative commitment in the intertwined and complex history of our nations. We came to this beautiful city of Salvador, Bahia amid the generosity of the Brazilian Government and people to evaluate our agreements and commit ourselves, based on our most profound needs, to promote the corresponding actions.

The main challenges we must face on the international agenda for the upcoming century demand a new and common initiative to ensure the prevalence of international law, equitable trade exchanges, respect for sovereignty, human rights, democracy, and the environment.

It is also vital as we approach the 50th anniversary of the United Nations to begin to study and renew its documents and organizational structure. New times marked by the end of the Cold War demand that the United Nations hold a qualitative exchange based on greater democratic opening and recognition of new representations. A renewed efficiency of negotiations not only for peace but for development, environmental protection, and the counternarcotics effort is also required. Those issues represent world challenges for the latter part of this century.

The United Nations of the 21st century, a global and interdependent society of sovereign nations, must be the organization of human solidarity, not a simple instrument to balance the interests of a few.

That is why it is important that a new charter be established that involves the active participation of all the world's people. The Ibero-American conference can and must assume an essential role in the process of reforming the United Nations to ensure there are truly important changes, not just superficial ones.

It is our conviction that the great causes of humanity to achieve peace and respect for human rights and democracy, to eliminate poverty, and to protect the environment are undoubtedly Ibero-American causes. They are our countries' commitments and our people's demands. That would not hold true if those issues were used to cover up new forms of meddling, new trade protectionist measures, and new ways of looking down on cultures.

In the fight against drug trafficking, it is necessary to consolidate determination among nations to face the problem as an integral and overall phenomenon that must be fought in all its phases. We must recognize that as long as drug trafficking continues to be so profitable in consumer markets, the cost of the best efforts of countries such as ours to stop drugs from passing through our territories will continue to rise. The current struggle to repress drug traffickers is insufficient to win. We must change it and recognize that this is a problem concerning everyone, even those who view it as something remote.

We view the negotiations in Latin American to reach subregional trade agreements with optimism. We cannot wait until economic weaknesses are overcome or are reverted to developed countries or for intercontinental conflicts to disappear soon to give free way to the Uruguay round of GATT. We cannot wait until old international structures catch up with the new world reality and its challenges. Ibero-American countries can and should work for objectives that are undoubtedly common.

This summit calls us to examine social development. That is undoubtedly the priority. Economic growth, which is indispensable, only makes sense when it improves the population's standard of living. We could not reach that goal, however, unless we establish a modern, efficient economic policy that allows our nations to grow. There is no social justice without work: Justice is not served by growth alone.

That is why economic stability, structural changes, and the channeling of more resources to social expenditures are today inseparable imperatives of our nations. The goal is to combat poverty, renew education, and incorporate fully the respect for nature for the sake of community welfare.

Education must occupy a special place. In the words of the great Bolivar, an ignorant people is a blind instrument of its own destruction. That also applies to an education outside our times and not in line with our challenges, which include priority attention to and basic education for children and adults, job training, and efforts against the most acute problems. We can accomplish this with new educational standards to prepare our people in liberty and democracy for world competition and to feel proud of being a nation and belonging to that nation. We will do it while giving more recognition and opportunities to our teachers.

Social development also requires a clear health policy that is integrated, preventive, open, and well financed. It should also offer basic services. This task demands broad solidarity and a new sense of coresponsibility. Governments cannot be the sole protagonists of social development. More than ever we need direct and democratic participation from communities that want to solve the problems afflicting them. In doing so they will gain autonomy and dignity, as some experiences of solidarity in my fatherland and other Ibero-American nations have confirmed.

More resources must be pledged to achieve that goal. Social expenditures in Mexico now represent 10 percent of GNP. Salaries, manufactured goods, and services have increased for five consecutive years. Productivity has also increased. We know that an economic strategy will only be successful if it is accompanied by a thorough social program.

Messrs. heads of state and government, the agenda for development assumed by our countries must involve a clear, explicit, and quantitative pledge to concentrate on the most critical issues of human welfare: nutrition, health, education, and essential services.

Consequently, an important political pledge might emerge from this summit; that is, to sponsor efforts within our respective areas of authority to see that social expenditures increase in realistic terms and in proportion to the budget and GNP until we have solved the social backwardness afflicting our people.

This will in turn allow us to establish specific goals dealing with illiteracy, education, health, housing, nutrition, potable water, electricity, and other issues of human development.

Our people expect this meeting to conclude with specific results and pledges, aside from the political declarations we may approve. Our nations are determined to face the future with more justice and always with freedom, democracy, and respect for sovereignty.

We want to do it united. We want to work together to find, within the plurality that characterizes us, common goals that unite our wills to be more efficient and let Ibero-America speak firmly to the rest of the world.

This is the time to take new steps and focus our attention on specific projects, our own projects, which recognize our people's needs and true interests. Ibero-America identifies itself with the voices of tradition and finds in its past the starting point for its development. Let us now avail ourselves of our people's vitality and the new Ibero-American solidarity to turn hopes into a reality.

To conclude, what better omen for this meeting than the fact that the president of Brazil has concluded his inaugural speech by proposing Spanish as a mandatory language, and the king of Spain began his own speech in Portuguese. This is undoubtedly an Ibero-American perception of the languages that unite us. Thank you. [applause]

Third Ibero-American Summit Sponsors Bilateral Meetings

PY1507133793 Madrid EFE in Spanish 0444 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Dozens of bilateral meetings to discuss political, social, economic, and other subjects are taking place in the different halls of the Salvador Convention Center within the framework of the Third Ibero-American Summit of chiefs of state and government.

Today the presidents of the 21 countries will begin two days of deliberations at the Third Ibero-American Summit, which will include border and integration subjects that are part of the "direct diplomacy" policy implemented by the Latin American presidents a few years ago.

Journalists must move themselves if they are to attend all the meetings that range from mediating conversations to strictly technical or bilateral meetings.

Interest is centered today on a possible private meeting between Cuban President Fidel Castro and Argentine President Carlos Menem, probably in the Meridien Hotel on the rocky peninsula of the coast of Bahia.

Castro's presence at this summit, like at other summits, emphasizes the difficult situation Ibero-American relations are going through regarding the Cuban situation, the Cuban isolation, its economic blockade, and the trade embargo mainly promoted by the United States.

Many diplomatic negotiations were carried out with the Cuban delegation seeking to reduce the importance of the subject within the summit, because, according to one Latin American spokesmen, the chiefs of state "are not willing to turn the deliberations into a circus."

The problem between the banana-producing countries and the EC will also be discussed.

The presence of Spain and Portugal buffers the impact of the criticisms against the EC protectionist policies. The presence of the two Iberian countries has prevented specific condemnation of the farming subsidies that are distorting international trade.

The rejection of unfair trade practices and subsidies was changed in the draft of the final declaration of the summit into an expression of wishes that the "GATT Uruguayan round of talks that seek to free international trade concludes satisfactorily" next December.

The situation of the Common Market of the South (Mercosur) will not be absent from the parallel debates, especially since Argentina adopted measures to hinder Brazilian paper imports, which ignore bilateral trade agreements and harm Uruguayan industry.

Mercosur is increasingly seeming more distant from the 1 January 1995 date when it is supposed to begin, despite the political support permanently expressed by the presidents of Argentina, Brazil, Paraguay, and Uruguay who will reiterate this support during the Third Ibero-American Summit.

Border problems will also be discussed. Peruvian President Alberto Fujimori, and Ecuador President Sixto Duran-Ballen have agreed to discuss their border problem.

Although Peru denied any border problems with Ecuador for 50 years under the excuse of the 1942 Rio de Janeiro Protocol, Fujimori acknowledged it in 1991.

The president of Nicaragua has also taken the opportunity offered by the summit to insist on her country's right over the San Andres and Providencia archipelago which are currently under Colombian sovereignty. Nicaragua is willing to resort to the International Court of The Hague if the problem is not solved through bilateral talks.

Spanish King, Gonzalez Plan Talks Before Summit

PY1507140193 Madrid EFE in Spanish 0539 GMT 15 Jul 93

[Text] Salvador, Bahia (Brazil), 15 Jul (EFE)—King Juan Carlos of Spain and the Spanish prime minister [Felipe Gonzalez] will today meet individually with a few of the presidents attending the Third Ibero-American Summit of Heads of State and Government.

King Juan Carlos is scheduled to meet with the presidents of Portugal, Nicaragua, and Guatemala while Felipe Gonzalez, the Spanish prime minister, will meet with the presidents of Mexico, Colombia, and Honduras before attending the summit's inaugural session.

King Juan Carlos and Gonzalez—who arrived at the Salvador airport yesterday after attending the opening ceremony of the Fifth legislative sessions of the Spanish Parliament—finally did not dine together at the hotel where they are staying, preferring to rest in their rooms.

Shortly before the beginning of the working sessions, the king, the queen, and the Spanish prime minister will meet with a delegation of the Spanish community—some 85,000 direct Spanish descendants who live in Salvador—at the hotel where they are staying.

Queen Sofia will meet with Salvador Mayor Lidice Da Matta. She will later visit Salvador's renowned market [Mercado Modelo]. This was reported by sources close to the king.

During the summit's opening, King Juan Carlos will deliver a speech, partly in Portuguese, following Brazilian President Itamar Franco's welcome.

Later, Gonzalez will deliver a speech during this first working session that will begin after the delegations from the respective countries finish a document containing the summit's final declaration.

Inocencio Arias, the Spanish secretary of state for International Cooperation and Ibero-America, has said this summit will be unable to avoid partially concentrating on the Cuban situation on which the final document could include a point.

As the presidents will not discuss this point, the text will not mention Cuba, but it will mention the Ibero-American Community of Nations' [Comunidad Iberoamericana de Naciones] position against the implementation of economic measures by one country against another.

This issue has received Spanish support—like another issue involving one country: Guatemala. The summit will stress support for President Ramiro de Leon Carpio and will condemn Jorge Serrano's self-inflicted coup.

Arias said that the Brazilian summit will immediately serve to enhance a process that began in Guadalajara (Mexico) three years ago and will continue over the next two years in Colombia and Argentina. The summit will be held every year—at least until the one scheduled in Portugal in 1998.

The Brazilian summit will also represent an opportunity for the UN secretary general to include in his Agenda for Development common Ibero-American criteria to be taken into account in the programs that will be decided upon.

According to Spanish delegation sources, this summit serves for the world to become acquainted with the name "Ibero-America," which includes American and European sovereign states where Spanish and Portuguese is spoken.

Meetings Between Castro, Other Leaders Held, Planned

Spanish Foreign Minister

LD1507180693 Madrid RNE-1 Radio Network in Spanish 1600 GMT 15 Jul 93

[Excerpt] The third Ibero-American summit begins in Salvador de Bahia in Brazil in just over two hours' time. The summit's final document will include a catalogue of proposals which will serve as a basis for the United Nations for a world program of socioeconomic development. [passage omitted] Good afternoon Javier Arenas, special correspondent in Salvador de Bahia.

[Arenas] Good afternoon. The very latest news is that it has been confirmed by Spanish diplomatic sources that Felipe Gonzalez will meet Fidel Castro. It will be this evening, or tonight, perhaps in the early hours of the morning Spanish time. The news has just been confirmed by Foreign Minister Javier Solana, with these words: What Spain wants is to listen to Fidel Castro.

[Begin Solana recording] [Words indistinct] and basically what we would like is to listen to Fidel Castro on the situation in Cuba and see whether there is any possibility of cooperation from Spain for what has always been our wish: A wish of a political character, that Cuba should join the mainstream of countries of the Ibero-American summit which share values, share ways of life and share economic systems. And from the economic point of view, as you know, Spain's position is clear: We are not in favor of the embargo and we are trying to cooperate and help so that the economic solution [as heard] and the solution which is very serious at the present time, of much suffering, might be at least alleviated. [end recording] [passage omitted]

Spain's Gonzalez, Castro Meet

LD1607084493 Madrid RNE-1 Radio Network in Spanish 0700 GMT 16 Jul 93

[Excerpt] In the early hours of this morning, Spanish Prime Minister Felipe Gonzalez and Cuban President Fidel Castro had a meeting in Salvador de Bahia, Brazil, where they are attending the Third Ibero-American summit of heads of state and government. Accompanied by their respective foreign ministers, the two leaders analyzed the current international situation in general and that of Cuba in particular. Felipe Gonzalez reiterated to Fidel Castro that Spain favors the liberalization of the Cuban regime and opposes the U.S. embargo. A report on this from our special correspondent Javier Arenas:

[Arenas] The meeting between Felipe Gonzalez and Fidel Castro lasted two hours. As regards details on the contents of the meeting, we have been able to learn that the two leaders spoke to each other with clarity and listened carefully to each other's analysis of the concern over the Cuban situation and the international situation. We have to be tenacious and patient, said Spanish Foreign Minister Javier Solana, who was hopeful that the changing conditions in the world will result in greater receptiveness to the messages from those who are speaking to them from a position of goodwill. This is how he summed up the message set out by Spanish Prime Minister Felipe Gonzalez:

[Begin Solana recording] As you well know, we think it would it be good for Cuba to take a step along the path of economic liberalization, an economic liberalization which without any doubt has to carry with it a liberalization of a political kind. These are basically the views which, as you well know, constitute Spain's position and which we have set out once again. [end recording]

[Arenas] Another of the speakers at the meeting, Cuban Foreign Minister Roberto Robaina, said the purpose of the meeting, which was requested by Castro, was not to ask for or exchange anything, but rather to give each other information, which is what happened. In any event, he said, Spain is not the country of which we have most to ask, the Cuban foreign minister said. He is convinced that Cuba cannot emerge on its own from the current crisis on the island and needs international collaboration. [passage omitted]

Castro, Gonzalez Meeting

PA1607053093 Madrid EFE in Spanish 0439 GMT 16 Jul 93

[Text] Salvador de Bahia (Brazil), 16 Jul (EFE)—Cuban President Fidel Castro refused to explain what issues he would discuss during the talks he began on the evening of 15 July with Spanish Prime Minister Felipe Gonzalez.

Upon returning from a dinner attended by all the heads of state and government who participated in the Third Ibero-American Summit, Castro joked with the media and said: "We will talk about sherry, cured ham, and all those things, historical issues too."

"The meeting with Felipe is essentially one of friendship and greetings," Castro said, adding that he "will use the opportunity to congratulate Gonzalez on his electoral victory," although he admitted the meeting "will naturally involve other issues. We are bound to be discreet and not go around disclosing what we will talk about."

Felipe Gonzalez arrived at the hotel minutes later. He did not reveal the contents of the talks, either. Asked what he would tell Castro, he told the media: "You already know."

The Cuban president emphasized the importance of holding the summit for the sake of meeting. He asserted that "Cuba did not come to take anything, only to participate, fulfill its duty as a member of Latin America, and to cooperate in what we consider most important; that is, everything concerning Latin America's integration and unity."

Asked if he had received any message from the Cuban Human Rights Commission led by Elizardo Sanchez, who recently toured the European capitals, Castro answered: "I have received no messages from any dissident."

When asked whether he would talk with Cuban exiles, the Cuban president said: "That depends on who he is. If he is a terrorist, a traitor, a mercenary, or a CIA agent, I would not be very willing."

As for the expectations created by the new U.S. President, he stated: "We have nothing special against this administration, but we do not see any sign that there will be change, either. We do know, however, that the previous administrations were very hostile."

Castro reaffirmed his position on U.S. demands for lifting the embargo and recalled: "They have spent 30 years establishing conditions but have always changed them."

When asked by reporters when the time for change would come to Cuba, Fidel Castro said: "We made the first change 30 years ago" and commented on the Cuban exile issue by questioning the number of Mexicans and Dominicans who live in the United States.

He admitted that many exiles left for economic reasons. Prior to heading for his meeting with Gonzalez, Castro sent greetings to the Galicians.

Cuba's Robaina Meets Gonzalez

LD1607100393 Madrid RNE-1 Radio Network in Spanish 0900 GMT 16 Jul 93

[Text] The blockade imposed by the United States on Cuba has become one of the main issues at the Ibero-American summit in Salvador de Bahia. In the Brazilian city the heads of state and government of the 21 countries attending the conference are going to sign a declaration condemning the use of the economic embargo as a political weapon. During the early hours of this morning, Fidel Castro and Felipe Gonzalez had a meeting lasting two hours. According to statements by Cuban Foreign Minister Roberto Robaina, at the meeting the Spanish side was informed that the blockade was preventing them from carrying out greater reforms than those already being undertaken.

[Begin Robaina recording] We informed Felipe to what extent we are carrying out those changes [words indistinct]. We even informed him that we would like to be able to make more changes, something we cannot do to the same extent because we are operating under a lot of pressure. It is not a question of us being asked for changes and we decided what changes we (?would make). Of course, when you speak to Cuba now there has to be an in-depth conversation on economic matters which, in the first place, require a lot of information. It is not that Felipe was sitting down to ask us for economic changes in exchange for other things. What we explained to him was what we are doing and we explained to him [word indistinct]. We even explained why we have not been able to do anything else. [end recording]

[In a similar report from Madrid RNE-1 Radio Network in Spanish 0800 GMT 16 Jul 93 Robaina adds: "I believe Cuba needs cooperation in which everybody can do something more than it is doing. If truth be told, it is not Spain from whom we have most to ask. The situation is so difficult and there is still so much incomprehension that I believe that Spain, of course, Cuba, and all of us will have do a lot to emerge from the situation we are in, and Spain is not the country with which we have most difficulty in making this understood."]

Meeting Between Castro, Menem Undetermined

PY1507210893 Madrid EFE in Spanish 1832 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Political conversations took place today on the sidelines of the Third Ibero-American Summit during many bilateral meetings among the presidents in the hotels where they are lodged.

During the intense activity of meetings and comings and goings among the presidents in the two hotels where they are staying in Salvador, where the Third Ibero-American Summit is taking place, practically everyone met with everyone before the summit's formal opening.

The most anticipated meeting, that expected between Cuban President Fidel Castro and Argentine President Carlos Menem, has not taken place yet and it seems that it still depends on a delicate diplomatic arrangement over the subjects that will be discussed, of which the most irritating one for the Cubans is the Argentine insistence on speaking about democracy.

Argentine sources said the meeting will take place on a date that has yet to be determined by the two countries' foreign ministers, which means a virtual announcement that Castro and Menem will not meet in Salvador.

Castro, in statements to the media, has not demonstrated interest in the offer made by Menem to mediate in easing tensions with the United States, according to declarations made by Castro himself and his foreign minister, Roberto Robaina.

"Menem is the one who has spoken" about that, the Cuban leader said.

Meanwhile, the Argentine president has agreed with his Colombian colleague, Cesar Gaviria, to pay an official visit to Colombia before the end of the year.

Castro met with the presidents of Chile, Patricio Aylwin; Mexico, Carlos Salinas de Gortari; and Colombia, Cesar Gaviria.

According to diplomatic sources, Gaviria asked Castro "to give up something" to solve the serious crisis faced by Cuba, but the Cuban leader just listened attentively to him.

In brief statements to the media, while a group of dissidents who trespassed security barriers shouted slogans against him, Castro asserted that his country is going its own way and what has really happened is that the rest of the world has ignored the fact that elections took place there recently.

According to official Mexican sources, Salinas and Castro declined to discuss the democratization of Cuba, and they limited themselves to talk about social assistance programs.

Aylwin said he talked with Castro about economic matters and about the Cuban leader's concern with the embargo on his island, although the Chilean president insisted on the need for a democratic opening in Cuba.

Castro expressed satisfaction at the fact that the final document prepared for this Ibero-American summit somehow repudiates, although only weakly and tacitly, the U.S. embargo on the island, diplomatic sources said.

"There is no way to modify the final document to refer to the embargo in another manner," said Aylwin, who met with nine other presidents, especially with Central American ones, to compensate for the tour he had to cancel to that region.

Spanish Foreign Minister Javier Solana said there still is a pending meeting between Castro and Spanish Prime Minister Felipe Gonzalez, who hopes the Cuban leader will explain to him firsthand about the delicate situation in his country.

It is the wish of Spain to help solve the serious Cuban social and economic crisis, that the island adopt a political system in keeping with those of the other Ibero-American countries, and to oppose the U.S. embargo of the island, Solana said.

King Juan Carlos met with the presidents of Portugal, Guatemala, and Nicaragua, while Felipe Gonzalez met with the presidents of Mexico, Honduras, and Colombia.

During their interviews, Peruvian President Alberto Fujimori and Ecuadoran President Sixto Duran-Ballen avoided the subject of the border problem between their two countries and the Ecuadoran president's visit to Lima. Instead, they concentrated on bilateral cooperation issues.

Menem "Attacks" Castro

PY1507230493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1937 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 July (NA)—Despite having adopted a more conciliatory stance when he arrived here, President Carlos Menem returned today to the attack against Fidel Castro, stating that the situation in Cuba "is indefensible, because it has to do with a dictatorial government that has been in power for 34 years and in which human rights are violated."

Menem's statement, together with a nearly simultaneous brief commentary by Castro, who said, not very enthusiastically, that he will meet "with everybody, if they so ask me," has literally stymied a possible dialogue between the two chiefs of state.

And yet the intransigent attitude shown by Menem and his Cuban counterpart could clear the way for a meeting between both countries' foreign ministers, Guido Di Tella and Roberto Robaina, to establish an agenda of issues to be raised and a possible agreement for a future meeting between the chiefs of state.

Menem made the statement during an improvised news conference he gave after meeting with his Colombian counterpart, Cesar Gaviria, at the Meridien Hotel.

To the exclusion of any other subject, Brazilian, Spanish, and Argentine journalists kept asking Menem about his thwarted meeting with Castro.

Menem became annoyed when a Brazilian reporter asked him whether "Cuban achievements, such as the ones in education, were of no value."

"What achievements?" asked Menem in turn. He recalled that "Cuba's situation is indefensible, because the country is in the hands of a savage dictatorship that has been in power for 34 years; and there is no freedom, there is no democracy, and human rights are violated."

Notwithstanding this, Menem once again insisted that "it is up to Fidel" whether the two chiefs of state will hold a meeting to iron out their differences.

Menem reiterated that he will in any case continue "insisting on the same subject, namely that Cuba should become a democratic country, that Fidel should hold free elections."

By way of example, Menem recalled the case of Nicaraguan Commander Daniel Ortega, who "held elections and lost them, yet now intends to run for president once again."

Menem asserted that "having demanded that (Augusto) Pinochet be unseated, having requested that (Alfredo) Stroessner and Haitian General (Raoul) Cedras be ousted, why shouldn't we request the same thing concerning Fidel, who has been heading a dictatorial government for 34 years?"

Menem took steps to discourage any possibility of meeting with Castro soon by stating that the subject must first be dealt with "at a lower level," thus referring to both countries' foreign ministers. Yesterday evening, however, he himself had hinted at the possibility when he acknowledged that there was "a tiny openness [no closing quotation marks as received] in Cuba.

In response to another question, Menem flatly denied that he had conveyed a message from U.S. President Bill Clinton to Fidel Castro.

"Absolutely not," was Menem's categorical answer.

He also denied having received instructions to mediate between the United States and Cuba. He answered: "Nobody has asked me to mediate in this issue." He nonetheless pointed out that if he were asked to do so "I would do it, but would request that Fidel democratize, hold free elections, in which if he so wishes he may participate."

Menem once again minimized the possibility of holding talks with Castro by pointing out that "meetings are not as important as the decisions that are made."

He stressed that "Argentina, which has been the victim of dictatorships for many years, cannot tolerate any kind of dictatorship in any country of the world, let alone in Latin America."

Menem-Castro Talks Unlikely

PY1507175493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1705 GMT 15 Jul 93

[By NA "special correspondent" in Bahia]

[Text] Salvador, Brazil, 15 Jul (NA)—Vice Foreign Minister Fernando Petrella disclosed today that "it is very unlikely that" President Carlos Menem and Cuban leader Fidel Castro will meet within the framework of the Third Ibero-American Summit being held in this city.

The possibility of a meeting became slimmer this morning for unknown reasons, although it seems certain that Foreign Ministers Guido Di Tella [of Argentina] and Roberto Robaina [of Cuba] will meet in this northern Brazilian city to draft an agenda and arrange a meeting on another date.

The meeting, however, could take place late today after the inauguration of the meeting being attended by 21 chiefs of state of Ibero-American countries or tomorrow afternoon.

Castro's arrival at the Meridien Hotel was surrounded by incidents when a group of anti-Castro Cubans clashed with his bodyguards and soldiers in charge of his safety.

Castro arrived at the hotel to meet Chilean President Patricio Aylwin, while Menem was meeting a few meters away in the Jorge Amado hall with his Colombian counterpart, Cesar Gaviria.

At the end of the Cuban and Chilean chiefs of state's meeting, new incidents took place between security agents and anti-Castro individuals.

Castro-Menem Meeting Diplomatic 'Comedy'

PY1507125893 Madrid EFE in Spanish 0543 GMT 15 Jul 93

[By Alejandro Mendez]

[Text] Salvador (Brazil), 15 Jul (EFE)—The preparations for a possible meeting between Argentine President Carlos Menem and Cuban Leader Fidel Castro is being viewed as a comedy in which diplomats from the two countries are involved.

Both Cuban and Argentine sources have stated with the same emphasis that the other party has asked for the meeting between the two presidents, which will be held before the end of the "summit" on Friday, 16 July, conditioned to a "previous agreement" between the two countries' foreign ministers.

Argentine diplomatic sources reported last night that the meeting was to be held today, 15 July, at the hotel where Carlos Menem is staying, but that at the last minute everything was canceled.

The sources said the subjects to be discussed at the controversial meeting have yet to be decided and that details of the meeting should be decided by Argentine and Cuban Foreign Ministers Guido Di Tella and Roberto Robaina, respectively.

The diplomatic protocol establishes that meetings between presidents must be held at the place where the president who proposes the meeting is staying.

Argentine diplomats have stated that although the meeting was requested by the Cuban Government, Menem was willing to go to Castro's place if permitted by the strict security measures surrounding the Cuban leader.

Fidel Castro "has no problem whatsoever in receiving Menem, but the Argentine delegation has not requested the meeting," Cuban Foreign Minister Roberto Robaina said.

Moreover, shortly after arriving in Salvador to attend the Third Ibero-American Summit, Carlos Menem said: "I have the same interest as any other president in meeting Fidel Castro."

The contrast between the opinions by Menem and Robaina unleashed a strict silence within the Cuban delegation which categorically declined to refer to the matter.

The Cubans fear that Menem will gain political advantage from the meeting with Castro, according to diplomatic sources who have nothing to do with the controversy.

Diplomats from third countries agree that the Cuban Government wants to reduce the tough Argentine position on the situation in the Caribbean Island.

Cuba owes some $1 billion to Argentina, making it Argentina's main debtor.

During the meeting between the Argentine president and U.S. President Bill Clinton at the end of June, Carlos Menem—who said that Fidel Castro leads "a dramatic dictatorship"—offered to mediate between the United States and Cuba.

However, U.S. foreign policy leaders do not seem to be willing to accept the mediation of a third country in the lengthy conflict with Castro.

Menem, who was besieged by Argentine reporters, asked them: "Do not make me repeat my opinion on the Cuban case."

This statement has been interpreted as Menem's desire to avoid conflict with Castro on the eve of a meeting which, if confirmed, would be the first official meeting between these Argentine and Cuban presidents.

Mexican President Meets Castro

PY1507205093 Madrid EFE in Spanish 1724 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Mexican President Carlos Salinas de Gortari today held bilateral meetings with Spanish Prime Minister Felipe Gonzalez and the presidents of Cuba, Colombia, Peru, Costa Rica, and Guatemala.

During the meetings with Felipe Gonzalez, Fidel Castro, Cesar Gaviria, Alberto Fujimori, Angel Calderon Fournier, and Ramiro Leon Carpio, respectively, Salinas mainly discussed international cooperation issues, according to official Mexican sources. The meetings with the Spanish prime minister and Guatemalan president had a "greater political content."

In the breakfast meeting with Felipe Gonzalez, Salinas first expressed interest in the formation of the new Spanish cabinet, and they both stressed their countries' points in common in the field of foreign policy.

Mexico hosted the first Ibero-American summit in 1991, and Spain the second one in 1992.

The same sources reported that Spain and Mexico agreed to hold these summits every two years, following the one that will be held in Argentina in 1995.

Salinas and Fidel Castro discussed Cuban social assistance programs but "they declined to discuss issues like the democratization of Cuban political life."

The meetings with Cesar Gaviria, Alberto Fujimori, and Calderon Fournier were centered exclusively on international cooperation issues and the subjects of the Third Ibero-American Summit.

However, Salinas expressed to the Guatemalan president his satisfaction that Guatemala solved the constitutional crisis created by the coup by former President Jorge Serrano Elias. In turn, De Leon thanked Mexico for the support given to return to the constitutional order.

Following these interviews, which ended with a luncheon between the presidents of Guatemala and Mexico, Salinas de Gortari went to the Bahia Convention Center to attend the opening session of the Third Ibero-American Summit of chiefs of state and government that will end tomorrow.

Colombia's Gaviria Meets With Castro

PA1607034993 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 16 Jul 93

[Report by Raul Gutierrez from Salvador, Bahia, Brazil—recorded]

[Text] President Cesar Gaviria held five separate meetings with his colleagues from Central, South, and North America in his second day at the Ibero-American summit. During a 20-minute talk with Guatemalan President Ramiro De Leon Carpio, which was the presidents' first meeting, the two had the opportunity to exchange opinions on the Central American situation.

Gaviria's meeting with Fidel Castro lasted longer. The president insisted that the dictator must change or sink as a result of the blockade and isolation.

[Begin recording] [Unidentified reporter] [Words indistinct] internal in Cuba [words indistinct]?

[Castro] [Words indistinct] have been able to gain an image in 30 years.

[Reporter] Are you going to ask...

[Castro, interrupting] I do not think [words indistinct]. [end recording]

According to President Gaviria, Colombia maintained its usual role of mediator, but it seems there is little to be done here.

[Begin recording] [Reporter] What motivates you to be so complaisant toward Castro?

[Gaviria] We have tried to mediate, to serve as a bridge so when that country is willing to make changes, the international community will also be ready to make the changes it needs to make to permit favorable developments in that nation. [end recording]

Castro appeared to be wearing makeup. He looks more tired and is less eloquent every day. His answers are practically monosyllabic. Ten Colombian journalists asked him a little of everything amid pushing and shoving by his security agents.

[Begin recording] [Reporter] Commander, is the U.S. blockade to blame for Cuba's problems?

[Second unidentified reporter] Commander, can [words indistinct]?

[Castro] What else? (?The collapse) of the socialist camp and the U.S. blockade. [end recording]

Despite the pushing and shoving, the only ones who have had access to Cuban President Castro have been the Colombian reporters, but there have been no big surprises.

Chilean President Meets Castro

PY1607025993 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 16 Jul 93

[Report by special correspondent Maria Teresa Guerra from Salvador, Bahia State, Brazil]

[Excerpt] The spotlight in the Third Ibero-American Summit is undoubtedly centered upon the veteran Cuban leader, who has the undivided attention of the 700 reporters covering the summit meeting. There is absolute secrecy about Castro's agenda, so as to prevent possible attempts on his life.

President Patricio Aylwin met for more than half an hour with his Cuban counterpart Fidel Castro this morning.

[Begin recording] [Unidentified reporter] When do you envisage that there might be a democratic opening in Cuba?

[Castro] What do you mean by democratic opening?

[Reporter] [words indistinct] asked by all Ibero-American nations.

[Castro] They have ignored our elections; you know very well our electoral process. If you know...

[Reporter, interrupting] They are demanding that they be more open.

[Castro] We have effected a considerable drive toward openness.

[Second unidentified reporter] Do you feel isolated?

[Castro] Isolated? From time to time, when I go to bed, when I sleep, but in general, as you can see, I am always surrounded by people. How can I feel isolated? [smiles]

[First reporter] Concerning the U.S. blockade, do you think you will garner the support of the Ibero-American countries, so that it might be raised?

[Castro] Well, I think it is the duty of all countries. [Jose] Marti [Cuban writer and patriot, 1853-1895] said that to witness a crime and do nothing about it is tantamount to committing it.

[An unidentified person then shouts "Fidel Castro, get out of Cuba. Murderer." To journalists who want to prevent him from getting near Castro, he says: "Don't touch me! Don't touch me! I only came to tell him the truth; I am not going to do him any harm. Don't touch me! Murderer! Shit! He is a murderer. Shit." A second unidentified person then says: "Don't touch me! We only want freedom for the Cuban people."]

[First reporter, addressing Chilean President Aylwin] Mr. President, after meeting with Fidel Castro, do you perceive the political will for a democratic opening in Cuba?

[Aylwin] I have broached that subject in my previous talks with Fidel Castro, and have raised it once again now, and I believe that... [changes thought] It is not that I believe, he himself expressed his intention of liberalizing his system, but at the same time he feels a victim of the current blockade. [end recording]

President Patricio Aylwin also held meetings with many chiefs of state who have come to Salvador, including the Guatemalan, Panamanian, Ecuadoran, Honduran, Nicaraguan, and Bolivian presidents. Bolivian President Paz Zamora said:

[Begin recording] I had an amicable meeting with President Aylwin, during which we could verify that our countries are well disposed toward improving relations. We also reviewed the progress we have made over the last few years, especially in the sphere of economic complementation. [end recording] [passage omitted]

Castro Meets Brazilian Businessman

PY1507222693 Rio de Janeiro TVE Television in Portuguese 2156 GMT 15 Jul 93

[Text] Cuban President Fidel Castro today asked Brazilian businessmen to cooperate in promoting the recovery of the Cuban economy.

Early this morning in Salvador, Castro met with Senator Albano Franco, president of the National Confederation of Industries, with whom he discussed the participation of Brazilian businessmen in several projects in partnership with the Cuban Government.

Cuba's Castro Decries Latin American Policies, U.S. Embargo

PY1607005893 Madrid EFE in Spanish 2216 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Cuban President Fidel Castro, who was submitted to pressures at the Third Ibero-American Summit by calls for democratization and the opening up of his regime, told his counterparts that they should ask the United Nations do the same.

Castro said: "Why are you not calling for the democratization and reform of the United Nations?" He proposed specifically "the abolishment of the unjustifiable privilege of veto" which is given to five powers in the UN Security Council.

"Although Latin Americans total more than 400 million people, we have no representative in the Security Council. From this organization, the powerful governments currently try to govern the world," he added.

Castro pointed out that the total number of Security Council members should be multiplied, at least, by three to be thus equally distributed per region and allow Latin America, Asia, and Africa to have one or more representatives each.

He also suggested that a single Security Council member's veto not be enough to prevent a resolution from being adopted. He said several vetoes should be necessary for that.

The Cuban president again denounced the U.S. blockade of the island.

"I cannot forget Cuba, which is brutally blocked, harassed, and threatened because it is small, because it seeks social justice, and because it does not surrender. I call for my Latin American brothers' solidarity with this fighting Cuba," Castro said.

The Cuban president did not refer to the Ibero-American community, which also includes Spain and Portugal, the chiefs of state of which countries were also present. He only referred to Latin America, and painted a somber picture of the region.

"It is being said that a decade of hope has started for Latin America because some indexes—such as those related to inflation, budget deficits, and capital investment—have improved." He added: "But let us not fool ourselves. There have never been so many poor and marginalized people in our continent."

"Never before have the Latin American countries been submitted to such a bad looting," Castro said. He asserted that in the last 12 years Latin America has used $700 billion to service its foreign debt, and "in losses associated to unfair trade" with the First World.

The summit's only chief of state wearing a military uniform complained that in the region, income per inhabitant "hardly equals that of 12 years ago," and that the implemented policies have "increased imbalances and lowered the standard of living of most of the people."

"Almost half of all Latin Americans are living in critical poverty, unemployment has increased, and salaries' purchasing power has decreased. More than 8 million children under the age of five are suffering from malnutrition, and nearly 700,000 die per year before reaching this age," Castro said in a detailed report of Latin American misfortunes.

He added: "What do we want economic growth and material achievements for, if not to use them in favor of the people and not of a privileged group?"

With a stern face and in pessimistic tones, the Cuban president asserted that Latin America "still does not seem to see clearly what should be the great strategic objective of its efforts."

He admitted, however, that the Ibero-American summits have been "a great historic step" because the Latin American countries meet "without asking permission," he said, referring to the United States but without citing its name. Not even once did he cite this country's name.

This time he did not mention "imperialism" either. He denounced, however, that in the last G-7 summit (of the most developed countries) recently held in Tokyo, that Latin American problems "were not even mentioned."

In Castro's opinion, Latin America must unite to overcome its handicaps and "create, among all, a giant."

Castro Reportedly Prepared To Listen To U.S. Proposal

PA1507220393 Paris AFP in Spanish 2121 GMT 15 Jul 93

[Text] Salvador de Bahia, Brazil (AFP)—Cuban President Fidel Castro said on 15 July that he is prepared "to listen" to a proposal by the United States on Cuba. He made that statement during a meeting with Colombian President Cesar Gaviria, Colombian sources present during the meeting told AFP.

The Colombian president talked to him about the need to establish communication links with the United States to resolve the 30-year-old economic embargo. Castro said he was prepared to listen to a U.S. proposal on the matter, the sources indicated.

Upon leaving the bilateral meeting with Chilean President Patricio Aylwin, the Cuban leader told the press he hoped the Ibero-American summit would condemn the U.S. embargo against Cuba because "to watch a crime like the one being committed against my people is the same as committing it."

Castro Labels Relations With Spain 'Very Good'

PY1507181993 Madrid EFE in Spanish 1625 GMT 15 Jul 93

[Text] Salvador, Bahia, Brazil, 15 Jul (EFE)—Cuban President Fidel Castro said today, during the Third Ibero-American Summit, that his country's relations with Spain "are very good." He also wished "success" to the summit that opens in Brazil today.

Castro made these comments to Cuban reporters and special correspondents who are the only reporters Castro has met since he arrived in Salvador, Bahia, last night, according to Cuban spokesmen.

The same spokesmen told EFE that Castro will meet tonight with Spanish Prime Minister Felipe Gonzalez. Castro said he wanted to congratulate Gonzales on his recent electoral victory.

One Cuban source added that personal relations between the two political leaders have improved now that past frictions have been overcome.

Castro told Cuban reporters that the Third Ibero-American Summit can be considered a success by the simple fact that it is being held in spite of some instability in Latin America following the recent political crises in Brazil, Venezuela, and Guatemala.

But Castro is especially satisfied because the summit's final resolution "in some way" repudiates the U.S. blockade of the island, said one Cuban spokesman.

One Cuban source added that Castro praised the fact that the summit included "concrete matters" related to health, education, culture, and science and technology, which are "fields in which Cuba has achieved a great deal."

Castro met this morning with Colombian President Cesar Gaviria and Mexican President Carlos Salinas de Gortari. He will meet in the next few hours with Chilean President Patricio Aylwin and Brazilian President Itamar Franco.

The Cuban spokesmen added that Castro also will meet Bolivian President Jaime Paz Zamora and other presidents but that a meeting with Argentine President Carlos Menem has not been scheduled yet.

Castro only told reporters that "Menem is the one who spoke" when asked about the offer by Menem to mediate between Cuba and the United States.

Cuban Foreign Minister Carlos Robaina said, however, during the summit that his country needs no one to mediate with the United States.

Colombian sources revealed that during Castro's meeting with the Colombian president, Gaviria insisted on the need to negotiate and give way somewhat if the crisis is to be resolved.

The same sources added that Castro listened attentively but gave no signs of agreement.

When he first came out of his hotel this morning to meet with other presidents, Castro made brief remarks to reporters. He said he is always willing to listen to the opinion of his colleagues especially if they are friends like the Colombian president.

Asked when the blockade on the island would conclude, Castro said: "It will have to end some day."

Portugal's Soares Wants To Help Cuba, Needs Castro Gesture

PY1507153093 Madrid EFE in Spanish 1445 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Portuguese President Mario Soares on 15 July expressed his country's desire to help Cuba, but he also indicated that it is necessary for Fidel Castro to do his part in the island's democratic process.

"It is necessary to do something for the Cuban people; I am very concerned about the situation of the people, whom I am fond of and admire very much, but there must be a gesture by Fidel to be able to walk toward democracy," Soares said.

The Portuguese president also referred to a message he was given by Elizardo Sanchez Santacruz, president of the Cuban Pro Human Rights Committee, who some days ago visited several European capitals to explain the island's situation.

Soares stated that Sanchez' message for the chiefs of state and government participating in the Third Ibero-American Summit that starts today in Salvador calls for a peaceful transition headed by Castro himself.

Soares indicated that he understands this, although he emphasized that there must be some type of change in the short term such as, for example, "the release of political prisoners."

Bolivia's Paz Criticizes Embargo, Calls For Changes in Cuba

PY1507143893 Madrid EFE in Spanish 2352 GMT 14 Jul 93

[Text] Salvador (Brazil), 14 July (EFE)—Bolivian President Jaime Paz Zamora today criticized the embargo against Cuba and extolled Fidel Castro's achievements in the social sphere, although he indicated that he was in favor of a "change" on the island, which in his view already has started and which must be effected by the Cubans themselves.

Paz Zamora, who will attend the Third Ibero-American Summit of chiefs of state and government from Ibero-America, stated that in the two previous summit meetings—in which the Cuban issue was not on the agenda and therefore was discussed informally—"we agreed that the solution to the Cuban issue must be found by Cuba itself."

He added that "regarding this subject, since we oppose any type of intervention and consider an embargo to be a form of intervention, we believe that it is not the best solution."

Paz Zamora answered questions from the EFE news agency by saying that Latin Americans should bring pressure to bear on that sister nation "in order that the country itself may institute change and progress."

Referring to a talk he had with [Fidel] Castro—though he did not specify when—the Bolivian president asserted that he told Castro: "We have had the courage to bring about change in Bolivia, and I do hope that Cuba will likewise have the courage to introduce changes because it needs them like anybody else."

And yet Paz Zamora, who identifies himself with social democratic ideology, pointed out that he is against demanding that Cuba "go back to a previous stage in its own history."

"Any change in Cuba must be made with an eye to the future. Changes should be instituted to bring about more social development," he said.

Paz Zamora asserted that "deep changes already have started in Cuba and even though their effects are not yet noticeable," they will be soon.

According to Paz Zamora, who is to step down from office on 6 August, the most important changes in Cuba should pertain to the economy, but "they then will trickle down to the political sphere."

The Bolivian president also praised the Cuban regime's accomplishments in social services and considered that Cuba is the leader in Latin America in this field, adding that the strides made in Bolivia in education or health during his administration are every bit as good as Cuba's.

Notwithstanding, he warned that Cuba's social policy "runs the risk of being short-lived as it lacks a sound economic backing."

He added: "If the economy goes into a deep crisis finally, even with the best wishes of Fidel's Cuban revolution, they will have to start reducing social services in Cuba."

Paz Zamora said: "Cuba needs an economic readjustment policy, and it will have to do it based on the fact that its social policy already has major development."

Paz Zamora also praised the era of democracy prevailing in Latin America for the first time in its history and emphasized—in reference to the cases of Peru, Guatemala, and Haiti—that "there is no solution to the problems of democracy outside democracy."

President Paz Zamora alluded to the "self-coup" of Peruvian President Alberto Fujimori in April 1992, which he labeled an "exception" in the region's homogeneous democracies that "can be understood but not accepted."

Fujimori called for elections after his self-coup and won, while in Guatemala President Jorge Serrano—who carried out a self-coup on 25 May—was deposed and replaced two weeks later by Ramiro de Leon, who was elected in Congress.

In Haiti, the military leaders carried out a coup in September 1991 but last month they accepted handing over power next October.

Paz Zamora expressed satisfaction with the results of the Ibero-American summits, especially because the Indigenous People Development Fund program proposed by his country is already a reality.

"The Ibero-American Summit of chiefs of state and governments already has substance," said Paz Zamora, who expressed optimism about the growing "influence" of this organization on the Ibero-American people and the international community.

Paz Zamora concluded by defending his policy of "coca for development" and invited not only the governments but also the private groups of the drug-consuming countries to support Bolivia's effort to replace the coca used for making cocaine and to promote the medical use of coca, which is a traditional and inoffensive part of Inca culture.

Paraguay's Rodriguez Does Not 'Tolerate' Castro

PY1507132693 Asuncion ABC COLOR in Spanish 15 Jul 93 p 12

[Report by special correspondent Nestor D. Franco]

[Text] Salvador, Brazil—President Andres Rodriguez arrived in Salvador, Brazil, last night at 2045 Paraguayan time [0045 GMT] where the temperature registered 27 degrees centigrade.

In an informal chat with reporters during the trip from Asuncion to this city, Rodriguez talked about national affairs, and once again emphatically stated that in no way will he tolerate relations with the island of Cuba until Fidel Castro agrees to effectively participate in democracy.

The Paraguayan chief of state added that there are no indications that the Castro regime will change.

Castro Addresses Press at Ibero-American Summit

FL1607015193 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jul 93

[Text] Undoubtedly, the presence of the head of the Cuban revolution is the main attraction to Bahia residents and the accredited journalists to the Third Ibero-American Summit. Since his arrival in Salvador-Bahia, where the Third Ibero-American Summit was inaugurated today, Cuban President Fidel Castro has been pestered by the press. A swarm of reporters follows our commander in chief, who answers their questions for as long as the free time that is left in the agenda warrants.

President Castro held an animated dialogue with Cuban reporters.

[Begin Castro recording] I hope the summit is constructive and that the issues chosen are seriously discussed. Beyond Cuba, I am interested in the development of relations between Latin American countries and in their struggle for integration.

I think the fact that the summit is being held is in itself an important event because we are holding this summit without anyone's permission and of our own free will.

I hope that this summit is productive. The Guadalajara Summit, which was the first one, was a good summit. We hope this one has even more substance because we need to give these summits the importance they require. I believe the fight for the unity and integration of Latin America is strategic and important. Without this there is no basis for our peoples to be free, independent, and to develop. [end recording]

Commander in Chief Fidel Castro also made numerous contacts with personalities from our continent, among whom Colombian President Cesar Gaviria, and Chilean President Patricio Aylwin are included.

Parallel to the summit, many popular demonstrations of solidarity with Cuba have been held throughout the city of Salvador de Bahia.

Fidel Castro Calls For Latin American Unity

PA1507143493 Havana Radio Havana Cuba in Spanish 1300 GMT 15 Jul 93

[Text] Cuban President Fidel Castro has stated that Latin America, once a great colonized continent, must now become a community of nations.

At an impromptu news conference at the hotel where he is staying in Salvador, Brazil, Castro noted that Latin America's unity and integration is a goal that needs new initiatives. He said this defines the importance of the Third Ibero-American Summit that begins 15 July.

The Cuban leader said that neoliberalism and social progress cannot be reconciled. He said that any proposal for economic growth is inconceivable unless it benefits the people in every sense.

He said he is pleased to see that the issue of the U.S. blockade against Cuba has been one of the key concerns at many of the presummit meetings in Salvador, Bahia Department.

Castro expressed an increasing sympathy for the Brazilian people and recalled his three prior visits to that country, where he has been received with much affection and solidarity, he stressed.

The Cuban president received the first signs of support from the moment he arrived on the evening of 14 July. Hundreds of Bahia residents stood in front of the hotel where he is staying to express their solidarity and support.

Diplomats Observe Castro's 'Deteriorated' Health

PY1507173893 Madrid EFE in Spanish 1632 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—The health and physical state of Cuban President Fidel Castro are seen to be visibly deteriorated during the Third Ibero-American Summit that began today in Brazil.

Diplomats who accompanied their presidents during interviews with Castro, and who have seen him come in and out of the hotel where they are staying, agree that the Cuban leader's 67 years show a lot.

"We still have an image of the young and strong Fidel as shown in the revolutionary posters," one Colombian journalist said.

Those who last night saw Castro getting off the plane which brought him to Salvador noted that he had some difficulty coming down the ladder and that he never let go of the handrail.

However, sources from the Cuban delegation in Salvador have asserted that Fidel's health is good.

Brings His Own Food, Cooks

PY1507132893 Madrid EFE in Spanish 1238 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—Cuban President Fidel Castro's cooks, who always travel with him, have brought from Cuba all the food, seasonings, and drinks that he will consume during the Third Ibero-American Summit that begins today in Salvador.

"Even water and salt. They have brought everything. They only asked for a cooking range from the hotel. They do not need anything else," said a manager from the Othon Bahia Hotel in which the King and Queen of Spain and other Ibero-American presidents are also staying.

Following Fidel Castro's arrival on the evening of 14 July , several carts of kitchenware of the Cuban leader were taken to the hotel, closely supervised by his security agents.

Castro, who has denounced several attacks on his life, including poisoning attempts which he attributes to U.S. secret services, "will only eat and drink what his cooks prepare for him," the hotel manager said.

Salinas Calls Achievements 'Positive and Encouraging'

LD1507213693 Lisbon RTP Internacional Television in Portuguese 1800 GMT 15 Jul 93

["Exclusive" interview with Mexican President Carlos Salinas de Gortari by unidentified RTP correspondent; place and date not given—recorded]

[Excerpts] The Ibero-American Summit started with a victory for Portuguese diplomacy. East Timor has been included on the agenda. The summit at Salvador da Baia may be marked with support toward Cuba in its conflict with the United States, however. [passage omitted]

Mexican President Carlos Salinas de Gortari, the promoter of these summits, gave us an exclusive interview:

[Correspondent] What is your assessment of the initiative after these two years?

[Salinas, in Spanish] It is positive and encouraging because the fact that the third Ibero-American Summit is being held is, by itself, a very strong political statement. We, the heads of state and government, have succeeded through our presence and our actions in showing that we really are an Ibero-American community. That, for me, is the most important point: ensuring that common origins and common purposes allow us to form, specifically, an Ibero- American region. Now we will have the opportunity in Baia to verify that progress is being made the areas we agreed upon in Madrid last year, above all in the educational and cultural fields. We decided then that this was one of the keystones in the construction of new Ibero-American relations.

Venezuelan Minister on Border Dispute With Colombia

PY1507124093 Madrid EFE in Spanish 2016 GMT 14 Jul 93

[Text] Salvador, 14 Jul (EFE)—Venezuelan Foreign Minister Fernando Ochoa Antich said today, Wednesday, in Brazil that the recommendations by the commission created by Colombia and Venezuela to solve their border dispute will be submitted to the next governments of their respective countries.

The two nations are disputing a strip of sea and continental shelf in the Gulf of Venezuela. This has for several years soured bilateral relations.

Ochoa Antich stated that it is not possible to say how long it will take to resolve, but it will not be accomplished during the current administrations which end after the presidential elections next year.

He told EFE: "The study of river basins and especially the integration process, which opens a new future for Colombia and Venezuela, are much more important." The minister is representing his country at the Third Ibero-American Presidential Summit.

The minister emphasized the growing trade between the two countries, recalling that bilateral exchange—which amounted to only $300 million in 1992—reached $1.2 billion in 1992, and should reach $2 billion this year.

He also emphasized the binational antidrug efforts, assuring that even though international organizations use the country as a bridge for exporting cocaine and for laundering dollars, Venezuela "is no drug trafficking paradise."

Ochoa Antich said his country "has imposed controls on the banking system," but admitted that "it was not possible to achieve absolute control because Venezuela has a liberal economy."

The Venezuelan foreign minister is representing his country at the summit. President Ramon Velasquez decided not to come to Brazil because he believes the next Venezuelan president has to assume his country's foreign affairs, because he, Velasquez, will be in power for a few months.

Velasquez assumed the Venezuelan presidency after Congress suspended Carlos Andres Perez on corruption charges.

Bolivian President Proposes Investments Against Drugs

PY1507152693 Madrid EFE in Spanish 0609 GMT 15 Jul 93

[Report by Emilio Crespo]

[Text] Salvador (Brazil), 15 Jul (EFE)—Drug trafficking, which moves millions of dollars in America—as much in illegal benefits as in funds to repress it, also can serve for businessmen with entrepreneurial inclinations and idle capital to multiply their fortunes.

This system is proposed by Bolivian President Jaime Paz Zamora, and it requires three essential elements: his country, the economic stability it is enjoying now, and coca plantations.

Paz Zamora said that like the rest of his policy to change "coca for development," the method is working satisfactorily, although Bolivian sources admit that, unfortunately for the Andean country, it has not been fully implemented.

According to Paz Zamora, the idea is that businessmen must agree to invest in Bolivia, which, after the draconian economic adjustments over the past eight years, has a bomb-proof stability and one of the best streamlined economies in the continent.

The investment must be made in programs to replace coca plantations, which have the support of the government and several countries and international organizations.

Where Quechua peasants used to [illegible] the centuries-old coca leaf of the Incas—then transformed into cocaine by some drug trafficker—there will be tomatoes awaiting a truck, purchased with the idle capital of the businessman, which will take the vegetables to the market on a highway built with soft credits from international cooperation.

The Bolivian president's idea has been put into practice in several cases through the assistance of countries such as the United States or Spain, but has not prospered as he wanted.

With this system the foreign businessman would earn money by helping to end one of the scourges of society where he lives, drug trafficking and consumption.

If the private sector shows no interest in this undertaking, the Bolivian president feels that the governments of rich countries, which usually are the final destination for cocaine, must help the producer of raw material with solidarity and not only with repression.

The solution to the cocaine problem must promote economic and social development in the coca-producing areas, Paz Zamora told EFE within the framework of the Third Ibero-American Summit of chiefs of state and government, which will be held in this Brazilian town.

According to official sources, the summit declaration will include these guidelines on the consumer's responsibility in the drug trafficking problem and the need to fight it with social development.

Latin American social issues are the central issue of the Ibero-American summit, which will begin today and in which Paz Zamora is willing to defend his theory on coca.

Bolivia, together with Peru, is the largest coca producer in the world, and from this crop not only cocaine can be made but also medicinal and nutritious substances promoted by Paz Zamora insistently during his government, which will end on 6 August.

"Coca is good but cocaine is bad. Coca is our identity while cocaine comes from outside," the president said.

Bolivians take coca leaves by infusion, which is an invigorating tonic recommended to tourists to fight mountain sickness, while peasants and miners chew it to fight hunger and give energy to the body while working in the cold solitude of the Andean high plateaus.

The Bolivian president recalls with pleasure how coca, which he defined as the "Bolivian soul," was displayed at the International Expo Sevilla (Spain) last year and that that publicity was an important step in the efforts to liberate its beneficial and therapeutic uses.

But coca plantations have multiplied in Bolivia much higher than local consumption needs, and for a decade have served primarily to supply the clandestine laboratories where cocaine is produced.

Now, "if you want less production of coca, you must pay for it," the president said. He added: "This is not a matter of blackmailing with the crops," but that much assistance is needed to replace it.

Fujimori Comments on Political Process, Change

PA1507153493 Lima Panamericana Television Network in Spanish 1200 GMT 15 Jul 93

[Report by Rosario Enciso]

[Text] The Third Ibero-American Summit will culminate on 15 July with the meeting of the 21 chiefs of state in Salvador, Bahia, Brazil. Brazilian President Itamar Franco will open the summit.

While in Salvador, President Alberto Fujimori will hold a private meeting with the president of Ecuador, according to what he reported on 14 July on his arrival in the Brazilian city.

[Begin Fujimori recording] It is not up to me to evaluate what is happening in Peru. The Peruvian people do this. This process is not just beginning. It is ongoing. This process will show results.

Obviously, this process is not an export product, but it has worked in Peru. It is a good example. I am not saying that it has to be followed by other countries, but it is a good example of how the severing of a political system as if with a catan.... [pauses] You know what a catan is, don't you? A catan is a very sharp Japanese sword that can cut weeds easily. This severing has taken place in Peru. Our process has demonstrated that it has been worthwhile.

Think about this: Only 15 months have gone by and what has happened to Shining Path, to the Tupac Amaru Revolutionary Movement, to inflation? It is a process of change.

I don't know why some journalists, media, and political analysts are concerned about so-called Fujimorization. Ours is a functioning and unprecedented process, exclusively Peruvian, and it is working well. [end recording]

The historic city of Salvador, Bahia, has become a veritable fortress. No one can enter or approach the area near the hotels housing the 21 chiefs of state attending the summit. The area is under strict control by air, land, and sea.

Details of Ibero-American Summit's Communique Disclosed

PY1507144493 Madrid EFE in Spanish 0551 GMT 15 Jul 93

[Article by Rafael Candanedo]

[Text] Salvador, Bahia, Brazil, (EFE)—The final draft declaration of the Third Ibero-American summit states that the global struggle against drug trafficking should be confronted "with the shared responsibility" of the producing countries, the countries used as routes, and the consumer countries.

"Drug trafficking is a global problem that requires everyone's participation because there are consumers, producers, and traffickers. It is also linked to other forms of crimes and this is why international cooperation is required" said Brazilian diplomat Flavio Perri, secretary of the summit's organizing committee.

Sources of the summit told EFE that this issue, not included in the first versions of the document which may become a regional program for development, was included at the last minute following a demand by Peru. Peru asserts there is a link between drug trafficking and terrorism.

The Peruvian position delayed for several hours the work of the technical delegates of the 21 countries because government representatives were not willing to repeat the resolutions condemning drug trafficking and terrorism included in the Madrid summit declaration (1992).

The draft declaration of Salvador must be approved on 16 July by the government leaders attending the summit: 18 presidents, King Juan Carlos I, Spanish Prime Minister Felipe Gonzalez, and Portuguese Prime Minister Anibal Cavaco Silva.

The document consists of three parts: The principles that will rule the development program, cooperation, and one on several topics such as guidelines for fishing on the high seas and the protection of migratory species.

"The declaration tries to explain that the international situation offers a special opportunity for multilateral action on ways to resolve economic and social problems in accordance with the progress made in the field of peace and security," says a communique released by the Brazilian Foreign Ministry.

The communique adds that the negotiations that continue today, 15 July, by the 21 foreign ministers of the participating countries "must agree and must avoid statements that recall the problems of previous North-South dialogue."

The communique adds that the declaration will indicate the interest of Ibero-American countries to hold constructive dialogue on development at the highest level in a letter to be addressed to UN Secretary General Butrus Butrus-Ghali, the promoter of the conference on social development to be held in Copenhagen in 1994.

Butrus-Ghali and OAS Secretary General Joao Baena Soares will deliver speeches to the summit participants during the first work session on the morning of 16 July to explain the two organizations' guidelines for promoting international dialogue on fighting poverty and promoting social development.

The draft resolution identifies the struggle against poverty as a priority for the national policies of Latin American countries where 200 million people are affected, and emphasizes the need to urge the financing of social programs.

The declaration also calls on the international community to conclude quickly and successfully the Uruguay Round of the GATT, to grant access to advanced technology and financial resources for development.

The communique also condemns xenophobia and racism, and expresses concern for the practice of a unilateral commercial blockade.

In the neutral and timid diplomatic terminology, one can see in the draft declaration the old Cuban-U.S. conflict in the exhortation for the elimination of the "unilateral implementation of economic and commercial measures by any state against another for political reasons."

Summit Draft Declaration, Safety Measures Outlined

PY1507151993 Madrid EFE in Spanish 0535 GMT 15 Jul 93

[Text] Salvador, Brazil, 15 Jul (EFE)—The Third Ibero-American Summit starts today in Salvador, Bahia, under strict security measures that have upset normal activities in this Brazilian city.

Brazilian Navy frigates and gunboats patrolling the Todos Os Santos Bay, military helicopter gunships performing landing drills on helicopter pads on hotel roofs, and military posts especially designed to control the media have been the focus of attention during the days prior to the summit.

The official delegations started arriving on 12 July to draft the meetings' final declaration that will be revised again today by the foreign ministers and might be modified by the chiefs of state that started arriving on 13 July.

The 21 member countries of the Ibero-American community—a concept that was institutionalized during the first summit held in 1991 in Guadalajara (Mexico)—are represented by their respective chiefs of state and governments, except for the Dominican Republic which is represented by Vice President Morales Troncoso and Venezuela, which is represented by Foreign Minister Ochoa Antich.

The chiefs of state are staying in various hotels in Salvador. They will first gather at a welcoming ceremony and then, at 1500 (1800 GMT), attend the first plenary meeting which will be addressed by Brazilian President Itamar Franco, Spanish King Juan Carlos, Nicaraguan President Violeta Chamorro, and the other heads of state in alphabetical order.

The summit agenda includes two plenary meetings today, the second will be held behind closed doors. There will be five sessions on July 16 before the official closure at 1820 (2120 GMT) that same day.

Most of the chiefs of state will then attend the inauguration in Sao Paulo of the permanent headquarters of the Parlatino [Latin American Parliament], which was created in 1964 and comprises deputies of all Latin American countries.

During the run-up to the summit many members of the national commissions have said that the chiefs of state want to make this meeting less political than the ones in Guadalajara in 1991 and in Madrid in 1992.

The motto of this summit is: "An Agenda for Development." It comes in response to an appeal by UN Secretary General Butrus Butrus-Ghali who called on the international community to assess the possibilities for the rest of the century following the end of the cold war.

The draft final declaration, pending revision by the foreign ministers and possible amendments by the chiefs of state and government on 14 July, is already 21 pages long and contains 66 paragraphs.

One of the most outstanding points of the declaration refers to the fact that Ibero-America "takes note" of the resolutions adopted in other international forums "on the need to eliminate" the economic and commercial embargoes unilaterally established by any state.

Observers of the summit interpret this paragraph as an expression of disagreement over the isolation to which Cuba is subjected, but does not support Cuba as long as Fidel Castro makes no effort to democratize the island.

Another resolution radically condemns drug trafficking, defining it as a shared problem between producer, transit, and consumer countries.

It also links the problem of drug trafficking with the phenomenon of violence and terrorism, although it does not specifically mention either of them.

Unless the draft declaration is modified, the summit will suggest holding an Ibero-American conference to discuss old age and the marginalized sectors, to also include the problem of the indigenous and the need to further protect children.

As for international cooperation—and with the priority objective of fighting poverty—the summit will propose means to finance development, to reform the basic education system, to give more importance to educational television programs, to increase scholarship programs, to create a program for training public servants, to develop and protect cultural identity, and to preserve natural resources.

Article Criticizes Importance of Ibero-American Summit

PY1507171393 Asuncion HOY in Spanish 15 Jul 93 p 19

[Article by Pancho Oddone: "It Is the Same Old Story That Ends Up in Boredom"]

[Text] This week the chiefs of state of Latin America, Spain, and Portugal; their foreign ministers; their aides, secretaries, wives, nephews, and secretaries of the secretaries; experts in underdevelopment, travel, and restaurants in Salvador, Bahia; and specialists in mulattos and nonmulattos of the First, Second and Third World will meet in the beautiful setting of Salvador, Bahia. This brilliant, cultured, informed, and creative international community will tell us about poverty, material and moral backwardness, injustice, hunger, and the lack of education, resources, and the necessary activity to change the regrettable outlook of underdevelopment.

It would be interesting to know the direct and indirect spending by all the delegations to international conferences held with the same purpose since World War II's end.

I do not doubt that a great deal of the economic, social, and cultural changes needed in our countries could have been made with those resources.

But instead of learning from the experience of the repeated and expensive failures, we continue to spend money on trips, meetings, food, receptions, and five-star hotels, (the little daughter should go along too because she has never been to Bahia), and everything will stay the same but perhaps a little worse because we will be relatively poorer and more frustrated by the uselessness of the "summit" because the rich countries will continue to be rich and the poor countries will necessarily continue to be poorer due to the spending on the little daughter.

It is necessary to distinguish that in reality the "summit"—the name that has an international identity and has become part of the mythology of the desperation of underdevelopment—is useless and expensive for the people, not for the delegations. The delegations, who are encouraged by a real desire for tourism, especially in learning about the local culture and architecture, will enjoy the adventure on our behalf and save some money just in case.

The reader will realize that I was never a member of any "summit" delegation except the summit of my particular desperation, which I join with great humor after a long existence. Believe me, I am honest; I am confessing my deepest frustration, bleeding from the wounds as my Aunt Edelmira would say.

The repetition of these frustrating meetings makes me think it is illogical to presume that in a few days we will be able to achieve what international and national, permanent and nonpermanent, organizations were not able to study, resolve, and project after long years of eating up a substantial part of the budget of our countries and of international organizations to which we also pay with our modest resources and little imagination.

I suppose it must be enjoyable to travel without worrying about expenses, tips, additions at breakfast, and this or that innocent embezzlement of representational spending that easily can be distorted by the well-learned art of an international or national official.

What I regret is that despite the "summit," we continue to slide down the slope of underdevelopment with depressed economies, and with our votes in the United Nations serving the goals of the countries with opulent economies. Countries that if they ever become concerned with our problems will do so to fulfill some national objective related to their internal policy and the preservation of local power.

Editorial Discusses Ibero-American Summit Goals

PY1507162293 Asuncion HOY in Spanish 14 Jul 93 p 10

[Editorial: "Walking Toward the Ibero-American Community"]

[Text] The Third Ibero-American Summit that begins in Salvador, Bahia, will serve mainly to allow the chiefs of state and government of Latin America, Spain, and Portugal to define a "development program" for their countries. This is a very high-level meeting that is very timely for our economically weak democracies and deserves the citizenry's attention.

Eighteen presidents, including Paraguayan President Andres Rodriguez, plus two prime ministers (Spain and Portugal), King Juan Carlos, UN Secretary General Butrus Butrus-Ghali and OAS Secretary General Joao Baena Soares, beside executives from important international organizations, will deliberate in Salvador on 15 and 16 July.

On 17 July, the presidents will attend the inauguration of the Latin American Parliament's permanent headquarters in Sao Paulo. This is an old political integration project that is becoming true for the prevailing democracies in the hemisphere (with few exceptions).

The final document being prepared by the foreign ministers at the summit will urge the United Nations to coordinate an international effort in favor of development based on the renewal of approaches toward cooperation in trade, investment, technology, science, education, and culture.

The main idea, which already has been agreed upon, is that the United Nations must improve the multilateral financial mechanisms and the work of the international cooperation organizations to promote growth in developing countries in order to begin solving serious social problems like absolute poverty, abandoned children, unemployment, and other worrisome threats to the stability of our democracies.

During the Earth Summit that took place last year in Rio de Janeiro under the name UN Conference on Environment and Development, the industrialized countries promised to increase the percentage of help for development by an average 0.7 percent of their respective GDP's [gross domestic product].

The Ibero-American Summit will be a reminder of this commitment to the rich industrialized countries, which concluded their G-7 summit in Tokyo a short time ago with the political commitment of removing the obstacles stalling the Uruguayan Round of GATT.

Ibero-America also will claim the conclusion of these talks in order to free world trade from the protectionist cobweb imposed mainly by the developed capitalist economies, seriously harming Latin American economies.

In keeping with the aforementioned, the Third Ibero-American Summit will suggest that the new regional trade blocs (the EC, Mercosur [Common Market of the South], TLC [North American Free Trade Agreement], and others) must contribute to the liberation of international trade instead of becoming "protectionist cysts."

That is another thesis that will be announced in Salvador, which also will serve as a Latin American position for the World Summit on Development called by the United Nations, given that its founding charter requires it to promote development, democratic political stability, and human rights.

Such are the objectives of the Ibero-American community of nations, which includes us Paraguayans at a moment that is also favorable to our political history because we have the possibility of carrying out the changes required for our national development within the framework of democratic liberties.

Article Predicts Summit Declaration 'Pompous Rhetoric'

PY1507175893 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jul 93 Section 1 p 9

[Article by Clovis Rossi and Luiz Francisco]

[Text] The chiefs of state and government of all the Ibero-American countries will meet in Salvador on 15

July to participate in the Third Ibero-American Summit in the presence of one of the last areas of the planet where socialism still prevails.

Undoubtedly, the banner the PC do B [Communist Party of Brazil] had placed in front of the Salvador Convention Center, where the summit will be held, is a minor issue. The banner, which is visible even from the fourth floor of the center where the summit will be held, reads: "Cuba—34 years resisting imperialism. Long live socialism."

If it were for rumors, socialism in Cuba, or at least its symbol, President Fidel Castro, will not last very long. Nobody knows the origin of the rumor about plans for an attack on Castro but some Bahia newspapers report it in a very calm manner. The truth is that it all seems like a great "party" to celebrate the "Latin American spirit," more a state of mind than a concrete community. When the "Latin American spirit" gets together with the Bahian spirit for a permanent celebration, what a celebration, what rhetoric.

Before any attack took place, even before Fidel arrived, the Bahia spirit already had its first illustrious victim: Flavio Perri, secretary general of the organizing committee, who spent six hours having serum administered at Alianca Hospital (the Bahia version of Sao Paulo's Albert Einstein Hospital). The reason was slight dehydration caused by intestinal problems caused by typical Bahian food.

In order to avoid new attacks, the Army yesterday took over the Convention Center while the reception to fete the visiting chiefs of state was being rehearsed. The order was to allow in only those who carried credentials. As only very few credentials had been distributed at that point, the Army even banned Itamaraty personnel who were supposed to participate in the rehearsal from entering the center.

Worse still, people who live in buildings near the Convention Center inside the safety area were not registered and, therefore, not allowed to return home.

The great Latin American/Bahia celebration goes way beyond the chiefs of state and government summit. Meetings of Ibero-American businessmen (as of tomorrow), popular organizations, and indigenous and black organizations (as of tomorrow) also will take place. Ibero-American journalist and labor union organization meetings already have taken place, not to mention the previous meetings held by the agriculture, culture, education, and science and technology ministers.

In theory, the paper that these meetings will generate should reach the chiefs of state who will draft the final document. From the experience of the previous two summits (Mexico in 1991 and Madrid in 1992), it is quite likely that it will contain no more than the characteristic pompous rhetoric of the Ibero-American community.

Butrus-Ghali Cancels Trip to Ibero-American Summit

PY1607003093 Madrid EFE in Spanish 2309 GMT 15 Jul 93

[Text] Salvador (Brazil), 15 Jul (EFE)—Official sources have reported that UN Secretary General Butrus Butrus-Ghali today canceled his scheduled trip to Brazil to address the leaders who are attending the Third Ibero-American Summit.

Butrus-Ghali sent a letter to Brazilian President Itamar Franco to inform him that he will not be able to travel to Salvador, Bahia State, because he is currently engaged in a number of vital negotiations for the partial lifting of the trade embargo on Iraq and for peace talks in Bosnia.

Brazilian diplomat Flavio Perri, head of the organizing committee, reported that Butrus-Ghali will be represented by his adviser on political affairs, Alvaro de Soto.

Tomorrow De Soto will present to the Ibero-American leaders the UN guidelines for promoting international debate on social development. OAS Secretary General Joao Baena Soares will do the same during tomorrow's session.

Summit Meetings End; Castro Bodyguards Attack Exile

PY1507234093 Sao Paulo SBT Television Network in Portuguese 2236 GMT 15 Jul 93

[Text] [Announcer Boris Casoy] You are now going to hear the latest news on the Third Ibero-American Summit of chiefs of state and government. Reporter Monica Waldvogel is now reporting live from the Convention Center in Salvador.

[Waldvogel] The first working meeting of the Ibero-American presidents and chiefs of state has just concluded. They have been delivering speeches here at the Salvador Convention Center since 1600. Of all the speeches, the most striking one was that of Cuban President Fidel Castro, who again asked for the solidarity of Ibero-American countries against the trade embargo that has been imposed on Cuba by the United States for more than 30 years.

This morning Castro gave an extremely hectic news conference, at which he again touched on the same subject, which he has been time and time again bringing up during the summit. He said that if the countries of the region fail to take a position against the U.S. blockade, they will be accessories to a crime.

The news conference also had a very bad ending. A Cuban exile who was attending the news conference in the lobby of the hotel, who called Commander Fidel a murderer, and was attacked by his bodyguards.

The presidents, prime ministers, and the king of Spain will now be putting aside issues such as underdevelopment, the trade embargo, hunger, and misery—which were topics discussed at this conference—and will be having dinner and enjoying a live performance by Brazilian singer Daniela Mercury. Good-bye, Boris.

[Casoy] Monica, the only result of this summit is that it will make Salvador and Bahia State better known. Other than that, it will yield nothing. No major decision will be made there. Someone said today that the main decision of this summit will be to set a date for the next summit. Good night, Monica.

Cuba

Military Officer Comments on Guantanamo Security

FL1607022193 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jul 93

[Text] People who try to penetrate the Guantanamo Naval Base illegally have risked their lives. On one side, you have U.S. troops; on the other, Cuban forces; and in the middle, a red line establishes the limits. But despite this, certain provocations have not stopped, which have forced the Cuban side to maintain a security system.

[Begin recording] [Unidentified military officer] There is a strip of approximately 1 km that is mined. These mines were placed there by us. [end recording]

The permanence of the base and the reception to those who reach the base encourage illegal departures. When the Cuban border patrol tries to prevent this, they are saving lives and ensuring the security of the area, even though some doubt those good intentions.

[Begin recording] [Unidentified youth] I believe that area should be guarded.

[Reporter] Why?

[Unidentified youth] Despite all these efforts, many try to go anyway. [end recording]

Those who leave do so risking their lives and we may say that those who have made it have just been lucky.

[Begin recording] [Unidentified military officer] We have explained that this is a very dangerous place. It is an area where there are two defending units. This is an area that should not be used for illegal departures. It is very dangerous. We have stated that there are mines on both sides. We have alerted the population. Nevertheless, we have to say that there are some individuals who are suicidal, irresponsible, and have tried to cross the minefields. Some have been injured and others killed in the minefields. That is the truth. [end recording]

The Cuban response to the U.S. State Department's note proposes that if the United States wants to avoid incidents caused by illegal departures through the Guantanamo Naval Base, they can coordinate the proper measures with Cuban authorities with risks to no one: a good way to avoid further incidents.

Youths Who Attempted Exits Via Guantanamo Base Interviewed

FL1507113993 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 15 Jul 93

[Text] People who have tried to leave Cuba illegally through the U.S. base at Guantanamo have denied the allegations of acts of violence supposedly committed by Cuban troops stationed in the area. A team from this newscast traveled to the scene of the events.

From 17,000 feet up in the air, the province of Guantanamo displays the island's geographical charms. Once on land, there are obvious details that reveal an alien presence. [footage of explosions]

For decades, the site occupied by the Guantanamo Naval Base has been an area of potential conflict—the latest being the conflict that has arisen due to the U.S. State Department note that refers to alleged acts of extreme cruelty committed by troops from the border brigade during action taken against illegal attempts to leave the country.

A high-ranking Cuban officer stationed in Guantanamo has termed those speculations slanderous.

[Begin unidentified officer recording] We can affirm to you categorically that the weapons of those soldiers who defend (?this line) have never been used against any citizen. [end recording]

Ninety miles from here, the U.S. press has blown the reports out of proportion. However, it is the protagonists of the events themselves who told Cuban and foreign journalists what happened when they tried to enter the U.S. enclave illegally.

[Begin recording] [Unidentified youth] Eight. They were eight.

[Unidentified reporter] They were eight. And as regards the others, was there...

[Youth, interrupting] There was one who (? went off). He is there.

[Reporter] He is there. And on the other seven, on the group, were any acts of violence committed?

[Youth] No, because they arrested us in the morning, on suspicions, and they had to let us go.

[Reporter] Did they fire on you?

[Youth] No, no.

[Reporter] Did they wound any of you?

[Youth] No.

[Reporter] Was anyone injured in any way?

[Youth] No. No one mistreated us. [end recording]

In deciding to make their incursion, these young people disregarded warnings about the dangers of entering a military target area.

Tomorrow, during this newscast, we will give details of the kinds of risks these and other people have taken, upon conceiving a notion that could lead them to death.

Euromoney Conference Addresses Cuban Investment

FL1607001993 Havana Radio Reloj Network in Spanish 1958 GMT 15 Jul 93

[Text] Today in Cancun, Mexico, the Third Euromoney Conference was inaugurated with the attendance of 110 businessmen from more than 10 countries. The conference will discuss business and investment opportunities in Cuba. The meeting began with a speech by Linden Pindling, former Bahamian prime minister, followed by a welcome from the president of the conference, (Criby Jones). Finally, Ernesto Melendez, head of the Cuban delegation and minister of Economic Cooperation, spoke to those present at the meeting.

The conference, which has generated a great deal of expectation among its participants, includes as part of its agenda, 150 investment projects in important areas such as tourism, energy, and mining. Furthermore, the Third Euromoney Conference includes investment projects in areas such as biotechnology, the pharmaceutical industry, as well as in financial areas, banking, agriculture, and electronics.

Government Suspends Free International Medical Aid

PA0807180893 Hamburg DPA in Spanish 1635 GMT 8 Jul 93

[Text] Havana, 8 Jul (DPA)—A high-ranking Public Health Ministry official announced on 8 July that the Cuban Government has suspended all free international medical assistance due to the economic crisis.

According to Jaime Davis, director of medical cooperation, the aid has allowed Cuba to bring medical attention to 60 million people in 35 countries since 1983. However, the serious economic crisis Cuba is currently experiencing no longer allows the island to carry on with its free general cooperation, Davis said.

Cuba is experiencing what has officially been called a "special period" characterized by shortages of electricity, raw material, and other types of supplies, including many staple items.

Cuban authorities blame the situation on the collapse of the Socialist nations of Eastern Europe and the disappearance of the USSR, its most important commercial partners for the past 30 years. They also cite the increased U.S. economic and trade embargo.

Health officials told GRANMA that Cuba continues to offer medical cooperation to seven African, Caribbean, and Latin American countries, as well as to Russia, Spain, and Italy.

According to Davis, the international community recognizes the high qualifications of Cuba's medical personnel, including highly developed nations that have requested the presence of such specialists.

The Cuban Government has also provided aid in agriculture, education, construction, fishing, and culture during the past three decades.

Haiti

Dupiton Criticized by Aristide Sympathizers

FL1507194893 Port-au-Prince Signal FM Radio in French 1030 GMT 15 Jul 93

[Text] There was an incident in New York concerning Senator Thomas Eddy Dupiton who is part of the delegation from the Alliance [for Parliamentary Cohesion, ACP] bloc. The secretariat of the Senate of the Republic hastens to inform the public and the press that Thomas Eddy Dupiton, president of the ACP Senate bloc, had been subjected to verbal attacks near his New York hotel, by Ludovic Dauphin and Guy Duroseau, individuals close to Father Antoine Adrien and to the [pro-Aristide] presidential commission.

The Senate press release states that after hurling verbal abuses at Sen. Dupiton, they also tried to physically attack him. If they did not manage to commit what they intended, it was due to the intervention of delegation sympathizers, who quickly neutralized the situation. This information had not been verified until now.

Disagreement Among Haitian Delegations Continues

FL1507220893 Port-au-Prince Radio Metropole in French 1045 GMT 15 Jul 93

[Italicized passages in Creole]

[Text] The meeting of Haitian politicians began on the morning of 14 July at UN Headquarters in New York. The meeting included about 30 legislators, 10 persons of various leanings, and of course, political leaders. International mediator Dante Caputo expects that by holding this forum in New York among the Haitian parties, an accord will be reached for a peaceful transition, allowing for the application of the 3 July Governors Island accord.

The meeting in New York, begun on the morning of 14 July by UN Secretary General Butrus Butrus-Ghali, should facilitate the choice and ratification of a new prime minister in charge of establishing a unified government of national reconciliation. The Haitian parties gathered in New York hope to agree on an agenda for the discussions, but an agreement has not yet been found on the status of some members of the parliamentary delegations. It is at this point confusing, reports Rothschild Francois, Jr:

[Francois] Good morning. It is somewhat confusing at the end of the first day of the inter-Haitian discussions at UN headquarters, trying to plan the transition in Haiti. Confusion lies with the status of some members of the delegation of the Alliance for Parliamentary Cohesion, especially the senators elected in the 18 January elections. In statements to the press last night, spokesmen for both delegations appeared to clearly disagree on the question. First of all, the president of the Alliance team asserts that he is attending this meeting as a senator of the Republic.

Dejean Belizaire is satisfied with the work accomplished during this first day. Senator Belizaire feels that certain members of the National Front for Change and Democracy, FNCD, are trying to hamper the smooth running of the discussions.

[Begin recording] [Belizaire] [Words indistinct] for Parliamentary Cohesion and of the socialist bloc have shown good faith *in trying to reach a solution to the country's crisis, because we are aware of the difficulties that the Haitian people are facing. We are aware of the situation of hunger that the Haitian people are facing. At certain times, however, we have met with great difficulties, great obstacles with colleagues here. The 18 January elections have been discussed* [words indistinct] [end recording]

[Francois] The position expressed by the president of the Alliance delegation, will be contradicted by the FNCD staff. Elected Port-au-Prince mayor, Evans Paul, explains that mediator Dante Caputo had clearly explained everything last night regarding those elected on 18 January. According to Evans Paul, these legislators are not in New York as senators of the Republic.

[Begin recording] [Paul] [Words indistinct] *publicly of the special envoy who specified his position and the position of the international community before representatives of the four friendly countries and the UN secretary general—representatives of the United States, France, Canada, and Venezuela—that those people are not here as legislators. They are not recognized as legislators. They are here as political forces, which provide a sensitive view of the four principal blocs within the Parliament. He clearly said and repeated several times that these people are not here as legislators.* [end recording]

[Francois] It should be noted that mediator Dante Caputo made no comment on this question, following the first day of negotiations. Let us recall that an agenda was developed and approved by the parties. This document provides a political truce, normalization of the situation in Parliament, and discussions, in view of the formation of the new government.

The Inter-Haitian talks will resume within two hours at UN Headquarters. It should be pointed out that a few dozen Aristide partisans gathered last night in front of the luxurious Hotel [M.C.] where members of the various delegations are staying on 42d Street in Manhattan. Hostile slogans chanted by the demonstrators were directed against Alliance legislators.

Businessmen Debate Post-Crisis Summit Invitation

FL1507233293 Port-au-Prince Radio Metropole in French 1600 GMT 14 Jul 93

[Text] A ceremony took place this morning in the St. Gerard Church by partisans of President Aristide who wished to celebrate his birthday. By the end of the morning, Haitian businessmen met in preparation for the businessmen's summit to be held in Florida on 21 and 22 July. Edner Jean reports live:

[Jean] A Mass was celebrated this morning in the St. Gerard Church in Carrefour-Feuille, to mark President Aristide's birthday. The principal celebrant, Father Yvon Massacre, in his homily, cited the accord that has just been signed between President Aristide and General Cedras. For him, it is a positive step toward a solution to the crisis and the return of President Aristide.

About 50 partisans of President Aristide attempted to demonstrate inside the church. Leaflets and pictures of the president-in-exile were distributed. It should be noted that police were not around the church.

Right now, we are at the Chamber of Commerce of Haiti where the meeting between the various Haitian employers associations just began about 10 minutes ago. The Haitian employers must debate on the letter of invitation they received from the UN/OAS to participate in a meeting next week in Miami in the presence of President Aristide to discuss the postcrisis and the economic aid that will be granted Haiti following resolution of the crisis.

Further details will be provided this afternoon by Radio Metropole.

Pro-Aristide Demonstration Dispersed in Cite Soleil

FL1507173393 Port-au-Prince Signal FM Radio in French 1030 GMT 15 Jul 93

[Excerpts] A witness told AFP that a group of about 30 youths favoring President Aristide was dispersed in late morning on 14 July in Port-au-Prince. Our colleague Luckenson was on the scene. The police did not use billy clubs, but contented themselves with firing into the air to disperse the demonstrators in front of UN/OAS civilian mission observers charged with monitoring human rights in the country. The youths demonstrated for nearly 20 minutes in the deprived neighborhood of Cite Soleil. Before the intervention of the forces of order, they were waving Father Aristide's pictures and demanding his immediate return as well as the departure of those who overthrew him. [Jean] Luckenson reports:.

[Begin recording] The police have dispersed a demonstration in Soleil 17, in Cite Soleil, organized by the Lavalas Committee. The demonstrators' objective was the departure of the high command, the departure of the 18 January senators and deputies, and the return to constitutional order—that is, the return of Jean-Bertrand Aristide, president constitutionally elected on 16 December 1990, according to a demonstrator who was speaking before our microphone. [passage omitted]

The demonstrators went on to say that they, sons of the people, can no longer suffer, that it is time that things change for them because they are victims every day of society's claws. [passage omitted]

The demonstrators hope President Aristide will soon appoint the prime minister in order to improve the situation. [end recording]

Court Not Authorized To Solve Parliamentary Conflict

FL1507224293 Port-au-Prince Radio Metropole in French 1600 GMT 15 Jul 93

[Excerpts] In Port-au-Prince, the Supreme Audit Court asserts that it is not authorized to solve the problem of the contested 18 January elections. Two members of the institution, Max Pean and Duty Mackenzi, rejected the idea that the court could take charge of the contention among the legislators regarding the contested 18 January ballot. It should be pointed out that the Supreme Audit Court is itself a basically divided institution since a group of seven members had formed a new office. Edner Jean filed a report:

[Begin recording] [Jean] The two presidents of the Audit Supreme Court basically agreed to assert that this institution is not authorized to reach a decision regarding the normalization of parliament. Referring to the provisions of the Constitution's Article 200-1, which defines the attributions of the Supreme Audit Court, Max Pean and Duty Mackenzi pointed out that the subject in question does not in itself require administrative litigation. Pean, who is the effective head of the Supreme Audit Court, said that the Electoral Council is the only authority capable of solving election contentions. Questioned on the legitimacy of the 18 January elections, the president in function at the audit court, stated, and we quote: As a judge, I do not have the right to give my opinion on this matter through the press, unquote.

Duty Mackenzi, for his part, commented that the conflict dividing the legislators was a political matter that does not fall under the court's jurisdiction.

[Mackenzi] The Supreme Audit Court cannot intervene in a political matter. If it concerned with administrative litigation. Since no administrative request was referred to the court regarding a conflict that allegedly exists among members of parliament, in my opinion, the court is absolutely unauthorized to come to a decision in such a situation.

[Jean] Duty Mackenzi, who currently presides over the Chamber in administrative matters of the Court, admitted, however, that he was aware of the complaints of several political parties and senators, who asked the court to come to a decision on the legality of the Exceptional Electoral Council. He said, however, that the file was blocked by the court's presidency. No continuation was therefore given to this request because, according to Max Pean, the matter was not properly introduced before the Court. Duty Mackenzi believes, on the contrary, that Max Pean wanted to flaunt his rights as president, a post that is contested. [passage omitted]

Once the country becomes "normal," we will move from normalization to normality; normalization of parliament, normality at the Supreme Audit Court. [end recording]

Government Agrees To Receive, Deport Chinese Immigrants

PA1407224393 Mexico City NOTIMEX in Spanish 2212 GMT 14 Jul 93

[Text] Mexico City, 14 Jul (NOTIMEX)—The Mexican Government agreed on 14 July to receive immediately more than 600 Chinese citizens who have been at sea in three boats in international waters off the coast of Baja California for the past week waiting to be deported back to their country.

"With this humanitarian gesture Mexico is not accepting and cannot accept the immigration proposal made by the United States on the selection of Chinese citizens, who are aboard the boats," Deputy Foreign Relations Secretary Andrs Rozental said. The Mexican official said the Chinese citizens will be allowed onto Mexican territory and will be immediately repatriated by air, with the costs of the operation being paid exclusively by the Mexican Government. "None of the Chinese immigrants will stay in Mexico. They will be repatriated immediately," Rozental said.

Attorney General Presents Six-Month Report

PA1507131793 Mexico City XHTV Television Network in Spanish 0200 GMT 15 Jul 93

[Passages within quotations marks recorded]

[Text] Jorge Carpizo McGregor, the attorney general of the Republic, presented on 14 July a report on the operations carried out by his office during the first six months he has been in charge. In a 45-page report he summarized the actions, investigations, and arrests completed by the Attorney General's Office for six months. He highlighted the shoot-out at the Guadalajara Airport, which ended with the arrest of Joaquin El Chapo Guzman and 34 of his accomplices. He also listed the arrest of drug lord Juan Garcia Abrego's lieutenants of the Tamaulipas Cartel. On the purging process at the Attorney General's Office he said:

[Carpizo] "Upon beginning strict enforcement of the Public Servant Responsibility Law, 1,205 employees resigned or abandoned their posts."

Other actions listed were the arrest of Santiago Tapia, a district judge; a former minister of the Supreme Court of Justice; and four circuit magistrates. In addition, criminal proceedings were opened against 67 of the so-called godmothers.

[Carpizo] "We have not yet cleared up the godmothers problem. There has been much progress in solving it, however."

In the area of administration, the agency spent 15.2 million new pesos on new equipment for the Federal Judicial Police. Carpizo promised to present a detailed report on the investigations of the so-called narcojournalists.

[Carpizo] "Mexico's interest, that of this office, and the interest of the mass media in this issue is exactly the same: that justice be done."

He also announced that the office collected almost 20 million [currency not specified] from the sale of property belonging to drug traffickers. Madame Maria Felix was present for the announcement made in the auditorium of the Attorney General's Office, which was full to capacity. Representatives of the bar association and other attorney organizations were also present. Carpizo again reaffirmed his commitment to fighting impunity.

[Carpizo] "We are against impunity, corruption, and the violation of the law. We favor achieving justice, but with 100 percent protection for human rights."

Mexican Petroleum Reports Production, Sales Figures

PA1507020793 Mexico City NOTIMEX in Spanish 0910 GMT 14 Jul 93

[Text] Mexico City, 14 Jul (NOTIMEX)—The parastate enterprise Mexican Petroleum (Pemex) reported that Mexico put an average of 1,328,100 barrels of crude oil per day on the international market over the first five months of 1993.

The oil was sold to clients on the American continent and in Europe and the Far East. Of the aforementioned amount, 890,800 barrels were Maya type crude, 267,600 were Istmo type, and 169,600 Olmeca type, the enterprise reported.

According to preliminary numbers from the Pemex subsidiary Pemex Exploration and Production, hydrocarbon production for that same time frame amounted to 2,640,000 barrels per day, which will allow Mexico to meet its domestic needs and foreign commitments.

Between January and May 1993, Pemex Exploration and Production reached an average production of 1,372,000 barrels of light and intermediate crude oil and 1,268,000 barrels of heavy crude oil per day.

The larger share of that production came from the maritime areas of the Campeche State (southeastern part of the country) with an average 1,910,000 barrels per day, meaning 72.3 percent of total production.

In Chiapas and Tabasco States (in the southern part of the country) production reached 568,000 barrels per day, 21.5 percent of total production.

Hydrocarbons not marketed abroad were sent to the national system of refining and petroleum by-products to satisfy Mexico's domestic needs.

The Pemex subsidiary reported that over the first five months of 1993, natural gas extraction yielded an average 3.539 billion cubic feet, which will fulfill domestic demand for that fuel.

El Salvador

Government, Mexico Issue Joint Communique

PA1507204693 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 15 Jul 93

[Text] Mexican President Carlos Salinas de Gortari has concluded his official visit to the Republic of El Salvador.

The presidents of El Salvador and Mexico issued a joint communique stating that international cooperation must be developed with respect for the principles of nonintervention and the peoples' right to self-determination.

The Mexican president also pointed out the benefits of international trade.

Mexico and El Salvador have established cooperation mechanisms for free trade as a joint effort in the struggle against a slow economy and extreme poverty.

During his last day of work in El Salvador, President Carlos Salinas met in the early hours with the National Association of Private Enterprise. The Mexican president said this is not the times to block trade. He said free trade agreements are merely an instrument for the reform process in Mexico. He explained that immediate spectacular benefits should not be expected and neither should important negative effects if they are not approved.

[Begin Salinas recording] If a free-trade agreement or treaty is not fulfilled, that does not mean that the economies will be substantially hurt. That is to say, the free trade agreements are merely instruments. [end recording]

President Salinas went to the Legislative Assembly where, in a solemn session, he said Latin America is not in danger of disintegrating. He pointed out, however, that too little has been spent on peace and too much has been spent on war.

Before 82 deputies, Salinas added that the lack of agreements at the GATT undermines the expectations for growth in Latin America and said democracy does not blossom in poverty.

Later the Mexican president went to the Presidential Palace where, in the company of President Alfredo Cristiani, he approved the issuance of a postage stamp.

The presidents held a news conference and signed a joint communique. That communique establishes the Mexican Government's recognition of the peace efforts in El Salvador.

The Governments of Mexico and El Salvador signed 13 bilateral agreements regarding financial, social, cultural, and sports cooperation and assistance; including an agreement on the struggle against drug trafficking and another based on the national solidarity program to fight extreme poverty in El Salvador.

Cristiani, Salinas Hold News Conference

PA1507131093 San Salvador Radio Cadena YSU in Spanish 1720 GMT 14 Jul 93

[News conference by President Alfredo Cristiani and Mexican President Carlos Salinas de Gortari with unidentified moderator and local and international reporters in San Salvador—live; broadcast in progress]

[Text] [Reporter] ....how do they view it in Central America? What do you expect? What is the challenge for you?

[Cristiani] We have always said we look favorably on the North American Free Trade Agreement [NAFTA] and think the free trade agreement involving Canada, the United States, and Mexico is a step in the right direction. We view NAFTA as the start of a big free trade zone that runs from Canada to Chile. In this respect, we believe the step Mexico took toward legalizing it is important for that country. The question has always been: What will the repercussions for Central America be if free trade were implemented between Mexico and the United States?

Central America already has some instruments that have been in operation with the United States, in particular, within the context of the Caribbean Basin Initiative. In addition, Mexico is already negotiating free trade agreements with El Salvador and Central American countries. In practical terms, we have unofficially entered this market. That is why we believe NAFTA is an excellent step forward and hope it will stop running into obstacles from political sectors in the United States, as is happening now.

[Moderator] Here to pose the third question for President Salinas is Raul Beltran of YSKL.

[Beltran] Good morning, Mr. President. Salvadorans know full well what has happened in the past 12 years. Mexico lent its territory to the FMLN [Farabundo Marti National Liberation Front] based on the Franco-Mexican Declaration. In addition, Mexico worked hard as one of friends of the UN secretary general, successfully leading to the peace process in El Salvador. Recent events in Managua, which your government is aware of, revealed a long list of Mexican businessmen who were going to be kidnapped—in fact two were kidnapped, one of them being (Juan Bosco Gutierrez Portillo) and the other a man whose surname is [name indistinct]. We would [words indistinct] in this aspect, your government stance, if it is not the same as the UN secretary general, who feels defrauded and betrayed in the wake of the Managua incident. To conclude, there is the case of Rafael Duperau, a UN Observers for El Salvador member who was linked to drug-trafficking activities. If he is deported, will your government try him?

[Salinas] I have no comment on most aspects of your question. I will only reiterate that we [words indistinct] will be severely (?punished). [Words indistinct] this visit, and I leave very encouraged by the firm steps in El Salvador in the peace process. During the war, Mexico worked for peace in El Salvador. Now that it is at peace, it begins to work for development. In this way, [words indistinct] respect for the self-determination of the Salvadoran people, our contribution as brothers to a Central American country so it can find paths of development and progress, as no doubt the path of justice will ultimately consolidate the pacification process in the entire region.

[Moderator] Here to pose the fourth question to President Salinas is Miguel Reyes Vasques of the Mexican daily EXCELSIOR.

[Reyes] The question is also for President Cristiani. We could not fail to include you, sir. Given what we have seen here and what was reported in the 1980's, I know this is a day-to-day process, President Cristiani. The process is irreversible and we do not doubt that [words indistinct] complaints from refugees [words indistinct] what the archbishop and nuncio say [words indistinct] process being consolidated; progress is being achieved; and, in sum, it is an irreversible process. President Salinas de Gortari, aside from cooperation in the cultural sector, what is the extent of Mexico's cooperation? Also, will Mexico continue to work and cooperate to consolidate the peace process in El Salvador? Thank you, Mr. President.

[Salinas] [Words indistinct] much. I would only emphasize what I said when I answered the previous question. The best way to work in favor of peace is precisely through justice and development, and this involves various issues. The economic issue, for example, is very important. Hence, we have offered a free trade agreement to El Salvador and all of Central America. This will give them access to the Mexican market and a population of approximately 100 million inhabitants, who have an increased purchasing capability.

Those actions in favor of development are also in favor of peace; and they are not only carried out in the economic sector. Great importance is equally given to cultural, education, and social issues. The solidarity agreement that has just been signed will lead to joint actions with the Social Investment Fund of El Salvador. This way we will literally witness solidarity becoming international.

The new Chapultepec Library was also inaugurated this morning. It has approximately 6,000 volumes and it is one of more than 30 libraries that Mexico is establishing in this country by common agreement with the Salvadoran authorities. This will be part of more than 2,000 actions we have carried out to date within our relations with Central America. It proves our conviction that the best speeches are those you put into action—and actions in Central America speak about Mexico's effective actions in favor of this relation, which we consider very dear.

[Cristiani] We have always believed the Salvadoran people are the actual promoters of peace because their hopes and zeal to achieve peace are deeply rooted and strong. In my opinion, this renders the process irreversible. There were many problems during the negotiation period and during the implementation period. The determination shown by the signing of the agreements has materialized, perhaps not in strict abidance of the timetable, but certainly in concurrence with the country's reality. The UN secretary general has aptly said the peace process has progressed satisfactorily and it has set an example despite its problems.

Personally speaking, I believe the peace process will be consolidated in March 1994, when the Salvadoran people will elect their new government. Referring to this, we feel quite optimistic that the peace process is a reality. Peace in El Salvador is irreversible.

[Moderator] The fifth question is for President Salinas from Edgardo Moreno of Radio (?Red).

[Moreno] Good morning, President Salinas de Gortari. Former FMLN Commander Jorge Shafik Handal and other political party members met with you on 13 July. He said he talked to you about the situation which arose in Nicaragua, meaning the discovery of a weapons cache, and a [word indistinct], which says an FMLN group is involved in kidnappings at an international level. He said he tried to clearly state the FMLN's position, meaning it wants to cooperate with the consolidation of peace and the democratization process in El Salvador. The question is: Are you satisfied with the FMLN's explanations about this situation, including its alleged role in an international kidnapping network, which includes 150 possible kidnap victims in Mexico?

[Salinas] Details of this were given by anonymous sources. The Mexican media has published a letter issued to the Mexican authorities precisely in connection with this issue. I will only reassert that Mexico will continue to cooperate as much as it can to consolidate the peace process in El Salvador. Whomever violates the law in Mexican territory will be severely punished.

[Moderator] The sixth question is for President Cristiani from Javier Solorzano of Television Azteca Canal 13 in Mexico.

[Solorzano] Mr. President, going back to President Salinas' breakfast with businessmen, we talked with some businessmen in the hallway and they emphasized the need to support economic activities. Considering the problems experienced in El Salvador and the country's working class, how could all these groups be brought together to support a national project? The people cannot sit around waiting until all their needs are met. What do you specifically intend to do? Likewise, how can foreign capital be attracted under the new peaceful conditions in El Salvador?

[Cristiani] I believe this involves two issues: The first one is....[pauses] we have tried to sponsor a dialogue between the business and labor groups since we began our term in 1989. In fact, a forum was sponsored prior to the peace accords. The forum lost momentum after the idea became part of the peace accords. Specific action was taken—the Forum for Economic and Social Consensus was created. We have seen the two groups trying to find the way to maintain and develop relations that allow stability and progress both for the businessmen and the workers.

The forum has sponsored debates on different important topics. Stalemates were experienced, but I think they have been overcome, as in the rest of the peace process. The Chamber of Commerce president made some statements to the national media this morning. He said progress has been achieved and some problems have been solved. I think good relationships are established through communication. As long as there is communication between the groups they will work together and strive to fulfill their needs.

Referring to the government, our policy has been to decentralize and create clear rules so economic activity will be carried out. The government will obviously play a subsidiary role concerning sectors....[pauses] in case the production sector fails to fulfill some need. We have progressively established the regulations and plans that have resulted in important reforms—including one for foreign investments. Any investor, local or foreign, enjoys the same prerogatives in El Salvador. There is no discrimination. The same rules apply for everyone and we know this has yielded results.

Investments have increased in the country. Local businessmen are striving to invest because development and improvement efforts were incredibly difficult for 12 years. We think that, in fact, the development of free trade treaties....[pauses] President Salinas aptly said changes cannot be achieved overnight. The fact that there is talk about this encourages businessmen to become involved in the industrial reconversion. Development is possible in El Salvador because peace has been achieved and there is more confidence. I think there is again confidence in the country. There is confidence domestically—this is definitely obvious in El Salvador—and there is confidence in El Salvador internationally.

[Moderator] The seventh question is for President Salinas from Antonio Mineros of Megavision.

[Mineros] Good morning, Mr. President. President Cristiani mentioned earlier the peace accords and the consensus that must be sought among the workers, the private sector, and the government. During your breakfast with businessmen you insisted that development is almost impossible if good relations are not established. This has apparently been achieved in your country after 250 meetings—held every Thursday. What makes this agreement between businessmen and workers possible?

[Salinas] What I said this morning is that the fulfillment of pledges represents the most important part of these dialogue and consultation mechanisms. Many meetings can be held, many dialogue and consultation mechanisms can be created but decisions, plans, and consultations are rendered null—not to mention the fact that those mechanisms could lose prestige in the eyes of the world—if the participants fail to understand that the fulfillment of pledges is the most important thing.

Institute Coordinator on Poll on Truth Commission Report

PA1507134993 San Salvador Radio Cadena YSU in Spanish 1800 GMT 14 Jul 93

[Report by Maria Teresa Fajardo]

[Text] In the opinion of 45 percent of those polled by the University Public Opinion Institute of the Jose Simon Canas Central American University, UCA, the Truth Commission report is unsatisfactory. The poll conducted among 1,175 people in urban and rural areas also shows 76 percent agree that officials accused of human rights violations should be dismissed. As for impunity, those polled said it persists and should eliminated:

[Begin recording, Institute Coordinator General Jose Miguel Cruz] Forty-six percent of the population think the report reflects what really happened. That is, 46 percent think the report has credibility and is truthful while 17 percent think it is not. As for the amnesty, more than half the population disagree with an amnesty law, 30 percent agree with it, and a small percentage abstained.

Those who disagree with an amnesty law think that justice should be administered and that culprits should be tried and eventually punished. Of those who agree with the amnesty law, the largest percentage say pardon and forgetfulness should be promoted to achieve reconciliation in the country. A lower percentage of them, that is 22 percent of those who agree with an amnesty law, think every person has the right to have a second chance.

As for those who think justice failed to investigate crimes, 28 percent think this was done to avoid lengthy sentences, 13 percent think this was a result of ineptness, 10.3 percent think this was because of fear of retaliation, and 9.1 percent think that not enough foreigners investigated the crimes. A high percentage of people abstained on this issue.

As for impunity, 46 percent, nearly half of Salvadorans, think impunity still exists and only 5 percent think it is over. This means a large majority, an overwhelming majority, believe a certain degree of impunity remains in the country.

As for human rights violations, 63 percent think the people have been lied to in this regard [words indistinct] are always aware of reality. Finally, 76 percent, nearly 77 percent of Salvadorans, think officials who violate human rights should be dismissed. This poll was conducted among 1,175 people from all over the country, in

14 departments, in rural and urban areas. This poll has a 4-percent margin of error. [end recording]

Institute Coordinator General Jose Miguel Cruz added that Salvadorans feel a greater sense of solidarity since the signing of the peace agreements. UCA Deputy Rector Roberto Cardenal said it is important to note that politicians are not reflecting the true feelings of the population, so social groups must pressure their leaders to ensure compliance with Truth Commission recommendations.

Electoral Tribunal Threatens To Replace Strikers

PA1507131893 San Salvador LA PRENSA GRAFICA in Spanish 14 Jul 93 p 5

[Text] Luis Arturo Zaldivar, the president of the Supreme Electoral Tribunal [TSE], said on 13 July that the TSE could hire other companies to carry out voter registration and issue identification cards if the workers continue their strike.

According to Zaldivar, the proposal has been studied by the magistrates and, although this would entail higher costs and unemployment, it is a possible solution that would allow the registration and card issuance process to continue in preparation for the 1994 election.

According to the official, the TSE could hire state or private companies, which have shown in the past that they have the necessary capability to carry out the task at hand.

Sonia de Valle, the president of the TSE Workers Association said that "such a proposal is blackmail" by the magistrates to scare the workers into returning to work.

"I can firmly say that there is no one with the experience needed to carry out voter registration and issue identification cards other than the TSE workers. If it is companies we are talking about, the UN High Commissioner for Refugees hired four companies and their work was badly done. They earned plenty of money, but the work they did was not good," Sonia de Valle argued.

Zaldivar also announced that letters were sent on 13 July to the finance minister and the president of the Legislative Assembly requesting that they join efforts in a tripartite commission with the magistrates to try to find a solution to the current problem.

The workers, who have been on strike for nine days, are demanding a pay raise of 600 colones, job stability, and travel expenses. They have indicated that they will continue their indefinite strike unless the magistrates accept their petitions. They will carry out other measures, such as a demonstration through the streets of San Salvador that will end at the Legislative Assembly building.

Nicaragua

Chamorro on Press Freedom, Amnesty Law

PA1507135293 Managua Radio Corporacion in Spanish 1030 GMT 14 Jul 93

[News conference by President Violeta Chamorro on departing for the Ibero-American Summit from Sandino International Airport in Managua on 13 July—recorded]

[Text] [Chamorro] First of all, the minister is in charge of that project. As you know, after the Nicaraguan Telecommunications and Postal Services Institute, the minister is in charge of communications. He can propose laws and such, but I am the one who approves his proposals. I am in favor of freedom of the press in this country.

[First unidentified reporter] What does your draft law mean when it says it will include those who have committed crimes against humanity?

[Chamorro] I beg your pardon?

[Reporter] The amnesty law you are drafting. What does it mean when it mentions general incidents and those who have committed crimes against humanity?

[Chamorro] Quite simple. I sent this amnesty decree to the National Assembly to benefit those who surrender their weapons. Those who are being legally processed are also eligible for amnesty.

[Reporter] Does this violate the rights of those [word indistinct]?

[Chamorro] Those who have been sentenced must serve their time. I have always said so. I have called on all the rearmed rebels to surrender their weapons so we do not continue this killing, and that is what I am doing now.

[Second unidentified reporter] Mrs. President, what will your agenda be at the meeting in Bahia?

[Chamorro] The agenda will be to work.... [pause] First, let me remind you that this is my third summit meeting. The agenda calls for the fulfillment of what we planned in Guadalajara, then in Madrid, and our current plan: that all the projects we have set forth for the good of mankind are completed. We addressed problems such as health and education, and we must work together on these with UN support.

[Third unidentified reporter] Mrs. President, you once said that amnesty is not a toy to be given away. Now we see something being offered. What changed?

[Chamorro] Offering what?

[Reporter] Amnesty.

[Chamorro] I have always said that amnesty is not a toy. It is not. I want this country to have peace and tranquillity. As one Nicaraguan to another, which we all are, I am calling on this group of rearmed rebels to surrender their weapons. They still have the opportunity to do so.

[Reporter] Mr. [name indistinct] said that during the bishop's meeting they suggested that UN blue helmets be brought in to help if the situation gets worse.

[Chamorro] I am terribly sorry, but I will not allow blue helmets in this country because we are not at war.

Sandinists React to Party Debate

PA1507130293 Managua BARRICADA in Spanish 14 Jul 93 pp 6, 7, 11

[Report by Elisa Maturana C.]

[Text] The declaration issued by 29 Sandinist activists has brought to the fore several issues that have been discussed for some time in Sandinist circles at all levels.

One of these issues is the relationship between the Sandinist National Liberation Front [FSLN] and the government, and the effectiveness of a dialogue in the face of the need to undertake a popular struggle to pressure for the solution of the people's most heartfelt demands.

It also brought up two old debates: The validity of expressing opinions express and adopting positions outside strict party channels, and the big question of whether the Sandinist political plan is clear and well-defined for all its members.

BARRICADA has interviewed representatives of various FSLN sectors regarding these three topics.

Former Foreign Minister Miguel D'Escoto:

"We are an organization of thinking people. Being in a party does not mean we stop being thinking people. It is correct to express opinions.

"Dialogue is important, but we cannot let it become a government maneuver to gain time. We have been too restrained in wanting to maintain a responsible opposition, different from the usual policy of deceit that other parties in Nicaragua have maintained. The time has come to distance ourselves from the government and adopt a belligerent attitude. This does not mean we should leave the dialogue, but that we should also be in the streets making known the people's demands."

The FSLN objectives are very clear. The fundamental reason for the existence of this revolutionary party is Nicaragua's democratization.

Rodolfo Urtecho, Rivas Departmental Secretary of the FSLN:

"As a political movement, Sandinism is heterogeneous and diverse. That is why opinions should be expressed. But those expressions should be joined with those of the rest of the membership.

"Dialogue should be a permanent, but not sole political action. It must be combined with struggles that meet the demands of this moment. If we are going to hold a dialogue, we want to see specific results, because the current dialogue has become a cover for the government's economic policies. Sandinism cannot fall into that trap.

"The Sandinists have positions on specific situations, but we lack a plan that will unite us. We continue to have very disparate proposals. This is a point that we must thoroughly discuss."

Roberto Gutierrez, former Central Bank vice president:

"Any debate is healthy for the FSLN. What the declaration of the '29' shows is that we do not have sufficient mechanisms for internal discussion and dialogue. I do not believe that in this case they form a faction. They are only a group of comrades who expressed themselves publicly because they had no other place to do so.

"Dialogue and popular struggle should not be a contradiction. Dialogue should be a mechanism that should not be closed under any circumstance. It must be a style of governing that we must promote to resolve differences.

"The FSLN does not have a political plan. It is a debate we should have held last year and is still pending. That is why we must do it now but not necessarily thinking about the 19 July speech."

Francisco Gradiz, Sandinist Workers Federation leader in Chinandega:

"Of course, there must be currents of opinion. Only through them can we move toward deciding party actions.

"If the FSLN holds a dialogue with the government, the FSLN would be legitimizing the government and this halts the people's protests. Why participate in a dialogue that does not resolve the most deeply felt demands? We are losing time. The FSLN must abandon ambiguous positions and put itself at the forefront of the demands.

"We must unify opinions on a political plan with clear and well-defined objectives."

Larry Astorga, 19 July Sandinist Youth Movement [JS-19J] coordinator:

"Different ways of thinking should prevail in a revolutionary party. The bad thing is when they are not directed within the party to influence decisions and are viewed as just another opinion.

"Both aspects—dialogue and struggle—are important. But they must be positioned to defend a defined strategic plan, a plan allowing a permanent redefinition of tactics. I think dialogue must be complemented with the struggles of social organizations, but it must be a guided struggle not an anarchical one.

"There is no clear political program. Each person is heading his own FSLN. We know we are in the opposition, but what kind of opposition are we waging? How are we waging it? None of this is clear. We need to discuss this."

Mario Chamorro, JS-19J:

"The flow of opinions enriches internal discussion and sheds light to define the strategies to be followed. It is a signal of the democratization that should characterize a party such as ours.

"It might seem contradictory to be at a table holding talks and at the same time heading struggles, but it is not because they may complement each other. A dialogue is taking place as we are facing a very serious economic crisis and, should it fail to yield specific results, I think it would be valid for someone to wonder about or suggest the need to find new forms of struggle. This is what I think is positive about the document 'of the 29.'

"We need a lot more discussion of the Sandinist political program. Unfortunately, the previous Congress dealt with current issues and failed to define a strategy for the future. We could start this discussion now in an organized and orderly manner and continue it at the 1994 Congress."

Former Army Colonel Javier Pichardo:

"It is of course very correct for people to voice and publish their opinions. It is healthy for us to get rid of straitjackets and stop being a sect.

"Participating in dialogues and struggles is a current issue. I do not think that if the dialogue was closed as an alliance policy that we could not resume it from a new position as political adversaries.

"A political platform is indeed lacking. The FSLN must find itself. To recover its former strength it must not only overcome the identity problems that have afflicted it since 25 February 1990 but also renew itself completely. We must change a leadership that is worn out because it led the country down the worst of paths with the policy of alliances it has promoted."

Jose Treminio, secretary of District I of Managua:

"It is good to have flows of opinion. They must, of course, at a given moment line up with the decisions made after an issue is debated.

"The dialogue and leadership of popular struggles are not contradictory. Both can be maintained, but organizational structures allowing one to lead them must be defined first.

"We do not have a defined program. The truth is we have acted in keeping with the current circumstances of daily life. We need to discuss a program that will offer alternatives such as protection of social, educational, and health programs—alternatives to ensure this government does not destroy the achievements of the revolution."

Radiobroadcasters, Journalists Oppose Telcor Bill

PA1507135093 Managua BARRICADA in Spanish 14 Jul 93 pp 1, 12

[Report by David Gutierrez Lopez]

[Text] The Telcor [Nicaraguan Telecommunications and Postal Services Institute] Regulations for Radio Broadcast Services, still in draft form, which seeks to silence radio Broadcasters during a possible national emergency, prompted rejection from radio Broadcasters, journalists, and media experts because of its implicit restriction of freedom of expression.

The bill, drafted by the Venezuelan company GERAFIN, which provides advisory services to Telcor, establishes in Article 52 that in case of a national emergency "caused by natural disasters or circumstances that warrant it, Telcor will order the silencing of radio stations, following instructions by the president."

Radio Catolica Director Alberto Carballo commented: "We would oppose any article in the bill that restricts freedom of expression."

He added that the way Article 52 is written, the government can use it to put a "steel muzzle" on the country's radio stations.

Guillermo Rothschuh, dean of the Communications Science Faculty, came out in favor of "dropping" the phrase "or circumstances that warrant it," from Article 52 because it lends itself to "suspicions."

He said the government in that case must specify and detail the circumstances that would allow it to order the silencing of radio stations in cases where there is no national emergency caused by natural disasters.

The part of Article 52 regarding free broadcasts for the Presidential Palace could make it possible for the government to conduct political campaigning in its favor, the dean indicated.

Rothschuh said the document is not original because it is a virtual copy of Mexican and Venezuelan regulations and said he would like to see it undergo a profound review by the country's journalist and radio broadcasters associations.

Roger Solorzano, radio reporter and organization secretary of the Union of Nicaraguan Journalists, noted that, as is, Article 52 undermines the constitutional principle that guarantees freedom of expression.

Telcor Director Rolando Rivas, however, deplored "the unjustified reaction some reporters have adopted in this case, misrepresenting the intentions behind the government's open attitude."

He explained the draft was given to several radio station directors during a meeting held the afternoon of Monday, 12 July as "a gesture of courtesy and goodwill, acting in the most pristine manner possible."

Before departing for Brazil, President Violeta Barrios de Chamorro said it is a draft "by the Telcor director.... [pauses] laws can be enacted, but I support freedom of expression in this country."

Presidential spokesman Danilo Lacayo said "there will never be a muzzle law so long as Mrs. Chamorro is president. It has been misinterpreted. There are articles in the draft that undermine (freedom of expression), but all reporters have the right to protest."

* Decision on Beef Import Policy Criticized

93CA0151D Managua LA PRENSA in Spanish 17 Jun 93 p 14

[Commentary by Reinaldo Lacayo Rappaccioli]

[Text] Australia, not by dancing the cha-cha-cha like Martians, but just as we had predicted, invaded Central America with their meat.

The sad news comes to us from Guatemala, where four truckloads of processed meat from Australia worth $45,000 recently arrived. And what was our Ministry of Agriculture and Livestock doing? Oh, we are fine, thank you!

It was during a LA PRENSA Sunday interview with me, published on its front page, that I first discussed the possibility that has now been realized.

I said at the time that if Minister Roldon did not allow us to supply the markets of our Central American neighbors with our meat, because he was in fact opposed to our exporting to El Salvador, then very soon someone more clever than we are would eagerly do so. And the result is there to see!

Who is going to try and stop the Australians now? The predicted threat that our livestock industry faced if we did not place the country's interests ahead of petty personal interests has already come to pass.

It all began when Minister Roldon stubbornly refused, for who knows what tortuous reasons, to allow the Los Brasiles Slaughterhouse to ship meat to El Salvador. There were those who suggested that such exports did not bring the minister any profits, as the livestock that were shipped to Costa Rica did in fact, and that this is why he was so flatly opposed to them. The only fact that I have been able to verify is that he was opposed.

In any case, now that the problem is upon us, the important thing is not to go to sleep. For the time being let us bolster our efforts to shore up these markets. Let us offer facilities to export as much as our neighbors would like to order from us, whether it is cattle on the hoof or (preferably) processed meat, steers, or fattened or unfattened calves. We should do whatever it takes to stop the Australians, because if they manage to maintain the bridgehead that they have already established, our livestock industry will be finished. Moreover, such exports benefit the ranchers' union and the country.

What is more, the minister, instead of traveling around like the once famous agriculture minister under the last Somoza, Dr. Alfonso Lovo Cordero, ought to spend some time on our affairs and start protesting to his Guatemalan counterpart about that meat shipment. The pretext that he should cite, since we are fervent believers in free markets, is that we cannot allow a free market as long as countries like Mexico do not afford us the same freedom.

Get to work, Mr. Roldon, because the matter is more serious than you might imagine.

* Untimely Cut in Police Budget Criticized

93CA0151C Managua LA PRENSA in Spanish 18 Jun 93 p 10

[Editorial: "In Support of the Police"]

[Text] The decision by the central government, the Finance Ministry in particular, to cut the Interior Ministry's budget by 4.75 million cordobas, 2.777 million of it for the police, is unfortunate and untimely.

It is unfortunate because it cuts the budget of a law enforcement agency where salaries are already very low. A policeman makes just 490 cordobas a month, and an officer between 600 and 700. The job is dangerous and often requires overtime without overtime pay.

The National Police has made a notable effort to become more professional and to act forcefully to establish order, often getting the worst of it, as happened a week ago in a confrontation with armed former military personnel and Sapoa's armed strikers.

The cut is untimely because it is being made just when crime nationwide and social agitation of the criminal sort are again on the rise.

The National Police proposed to the Finance Ministry that the budget for investments, 3.9 million cordobas, be channeled into food, per diem allowances, and uniforms, thus improving the working conditions for the police without boosting salaries. The proposal was rejected.

Senior National Police officials are rightly wondering of what use their equipment is if policemen do not have uniforms, boots, and a proper diet.

The Interior Ministry is the government's main vehicle for offering the citizenry a modicum of security and for fighting crime.

Commander Fernando Caldera has shown that when the time has come to discharge its functions, the National

Police has in its recent actions avoided discrimination or political preferences and has instead done a professional, steadfast job. This has earned it the scathing criticism of Sandinist circles, who apparently would prefer an inept police force.

We understand the limitations of the government budget; the recession that the country is in is buffeting all sectors, and production has not yet taken off. But in order for production to take off, the citizenry must be afforded security and the country's laws must be enforced. This cannot be accomplished with a police force in rags.

Democracy needs the police, a professional police, not the military, to put an end to impunity and to restore confidence among citizens.

It is only fair for the government to change its position for the sake of a police force that has been demonstrating greater dedication to the difficult and often risky task of establishing law and order and safeguarding peace.

Far from having its funding cut, a police force that serves only the citizenry, not individuals, ought to be given further incentives and better working conditions.

* People's Struggle To Effect Changes in Policy

93CA0151B Managua EL NUEVO DIARIO in Spanish 21 Jun 93 p 4

[Commentary by Monica Baltodano: "The Front Must Go From Negotiation to Broad-based Struggle"]

[Text] It is common for a prime minister under a parliamentary system to have to accept a complete cabinet change, and it is far from exceptional in presidential systems like ours.

The argument that we wish to advance is that radical change is needed in the government and its policies through a grass-roots struggle.

Sandinism unequivocally stood for a new democratic politics, preparing to transform itself from a vanguard party into the new grass-roots party of the masses at the ballot box.

Setting aside its true strength and rejecting its reckless use, it upheld the Constitution and focused its energies mainly on policies that sought to bring balance to the nation by consolidating fundamental institutions, sacrificing immediate grievances, striving for stability, and trying to reestablish peace.

Without entering into a coalition, it made political choices so that the new government's policies could be pursued without major obstacles; in other words, it chose to proceed responsibly along the democratic path.

The situation today has made it obvious that this policy has run its course once and for all. In the United States a new administration is given a 100-day grace period. Here we have given ours three years.

The most recent CID Gallup poll speaks for itself. Only 7 percent of the population says that it is unquestionably better off today. In other words, 93 percent of the population is, in one way or another, dissatisfied. This finding clearly illustrates what Sandinism means when it says that this government's economic and social policies are exclusionary and marginalizing.

Once again wealth and well-being are concentrated in a minority of no more than 7 percent of the population, while the overwhelming majority chokes on unemployment, poverty, and frustrated opportunities. There are undoubtedly some Sandinists among this 7 percent.

By backing democracy, Sandinism backed the democratization of property, capital, credit, and the desire for well-being and the exercise of the social and political rights that the Constitution provides for all. But none of this came to pass.

Only 20 Percent of the Nation's Needs

Objectively speaking, the FSLN [Sandinist National Liberation Front] halted the battle among the social sectors and, with more than a few internal reservations and disagreements, emphasized high-level consensus-building and direct political negotiations. It acted as an intermediary between the masses and the government and thus created the ambivalent image of a joint government.

It must also be said, however, that it was often at the urging of the leaders of the social sectors that the top political echelon moved to mediate with the government. The attempt was not in itself a bad idea; but its results were disastrous. Agreements were reached, and a consensus was developed, but the government never satisfactorily kept its word. These legitimate political procedures became discredited, thus fomenting mistrust, and, of course, wore out.

The unexpected result of the elections and the immaturity of the politicians in the victorious coalition enabled a group of unknown technocrats to divide up the government among themselves and turn the entire country into an experimental laboratory. Here they could mechanically apply the economic theories that they had learned in U.S. universities, resorting to, as appropriate, "the German model," "the Japanese model," "the wonders of U.S. free enterprise," or the "Chilean miracle."

It requires merely a bit of common sense and sensitivity to the common people to realize that a government that allocates more than 40 percent of its external resources to service the foreign debt, more than 30 percent to maintain the stability of the cordoba, and a just little over 20 percent to meet all of the nation's other needs, could only lead the country into the worst peacetime crisis in Nicaraguan history.

Sandinism's huge public investments in health care, education, and above all production have been completely swept aside. Under the banners of the hallowed laws of the free market, public enterprises were bankrupted and then sold off at ridiculous prices, thus depleting the nation of capital and returning capital to the same old families and their new foreign partners.

The brutal logic of the counterreform, spurred from the outside and carried out by the technocrats of the moment, wound up devastating not only the Sandinists but also most of their former electoral constituency.

The government is not just discredited at home. International agencies and nongovernment organizations (NGO's) cannot hide their displeasure and are dropping threats, with good reason, that it would be better to give their money to more viable countries.

The Most Corrupt

Neither at home nor abroad can there be a consensus around this government, which has caused the highest unemployment rate, the deepest economic recession, the lowest consumption level, the greatest number of abandoned children, the most corruption in institutions, and the highest degree of state abdication of its responsibilities toward production and the nation. And we must not fail to mention the civilian government's abuses of the military, and the government's repressive tendencies, because were it not for the natural restraint of a police force and a military with revolutionary roots, we would be even worse off.

It is this situation that can no longer continue, but the current negotiating committees are unable to find a fitting solution to it. Credibility and trust, the indispensable groundwork for agreements, have been totally lost. The failure to see and acknowledge this is the clearest reflection of political authoritarianism.

The signals that the rank and file are sending up are clear: there is no longer any confidence in consensus-building. The social movement is being reactivated from the bottom, without any apparent leadership from the top. The horizontal movement that is brewing points to a break with the political procedures whose ineffectiveness has been demonstrated. As things now stand, the struggle is for something more than jobs (as the slogan for a pullback inadequately puts it).

Let us make this underlying fact clear: the overwhelming majority of the population, Sandinists and non-Sandinists alike, is opposed to this government. It is not that everything is bad. Dona Violeta's policy of national reconciliation must be salvaged out of this government. But changes in its cabinet and in its economic and social policies cannot wait.

Sandinism is determined to fulfill its historic role and is renewing its leadership from the bottom up, focusing not on personalities and candidates but on the common cause that unites the social mainstream under these new circumstances. It will be this forthright struggle, from the bottom up, from the people, who are the source of all power, that will highlight the obvious: It is urgent that Sandinist and non-Sandinist forces be activated to demand a change in the cabinet and its policies, making room for and giving answers to the just demands of the citizenry, of workers and producers in the countryside and the cities.

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* Political Preferences of Evangelicals Reported

93CA0151A Managua EL NUEVO DIARIO in Spanish 17 Jun 93 p 4

[Article by Adolfo Miranda Saenz: "Political Preferences of the Evangelicals in Nicaragua"]

[Text] Some 70.6 percent of evangelicals in Nicaragua are in favor of forming an evangelical party. As to who could solve Nicaragua's economic problems, 41.6 percent say an evangelical party and God, compared to just 10.1 percent who say the UNO [National Opposition Union] and the FSLN [Sandinist National Liberation Front] and just 0.4 percent who cite the government.

This information is contained in the book "Protestantism and Elections in Nicaragua" by Roberto Zub, put out jointly by the publishing arm of the Antonio Valdivieso Ecumenical Center, which is called Ediciones Nicarao, and the Interchurch Center of Theological and Social Studies (CIEETS).

Roberto Zub Kurylowicz is a Byelorussian-born Paraguayan Baptist theologian who serves as the dean of the Evangelical School of Theology in Managua.

The book is based on the research developed through polls conducted among six evangelical churches or denominations that are representative of the entire evangelical spectrum in Nicaragua: the Baptist Convention, the Church of Christ, the Assemblies of God, the Church of the Foursquare Gospel, and the Christian Mission Church.

Some other interesting findings are that in the recent election 53.2 percent of the evangelicals voted for the UNO and 42.6 percent for the FSLN. If elections were held today, 29 percent would lean toward the FSLN, 10.5 percent towards UNO, 9.7 percent toward the liberals, 5.2 percent toward the Social Christians, 2.8 percent toward the conservatives, and 35.9 percent would not vote. But if an evangelical party ran in the elections, it would take 70.6 percent of their vote.

Some 25.4 percent of the evangelicals read EL NUEVO DIARIO; the same percentage read LA PRENSA; 7.7 percent, BARRICADA, and 31.5 percent do not read a paper. The evangelicals in four of the six denominations surveyed read EL NUEVO DIARIO more than the other newspapers.

The findings in this recently published book are very useful and revealing, inasmuch as Nicaragua's population is between 20 and 30 percent evangelical, although there are no official figures.

If we estimate very conservatively that they represent only 20 percent of the population, this still means one-fifth of the votes at the next election. If 70 percent voted for an evangelical party, it would have a guaranteed 14 percent of the total national vote, which would give it a bloc of 13 deputies or representatives in the National Assembly. And we are assuming here that not a single nonevangelical votes for the party and that only 70 percent of the evangelicals do. This is assuming the lowest possible percentage of evangelicals in the population (20).

These data deserve to be analyzed by sociologists, politicians, and journalists at large. Roberto Zub's book "Protestantism and Elections in Nicaragua" is a very valuable contribution by the CIEETS and the Antonio Valdivieso Ecumenical Center to an analysis of national realities.

* Amnesty for Criminals Deplored

* Amnesty Equals Impunity

93CA0150A Managua LA PRENSA in Spanish 11 Jun 93 pp 1, 12

[Editorial: "Credit Card for Crime"]

[Text] Nicaraguans from all walks of life were generally surprised and disgusted to hear former President Daniel Ortega's cynical, incongruous statement in support of another amnesty for the crimes committed this year because, he said, "Only in this way can we achieve disarmament and peace." The statement is incongruous because the opposite is true. What annual amnesty produces is the most immoral impunity. Relying on this certainty of a compulsory pardon, the criminal not only does not stop killing, but feels that his criminality is secure and protected. The statement is cynical because Ortega knows very well what he is after: freedom to engage in subversive, eliminatory action. According to the Office of Human Rights' records, the number of members of the Resistance who nobly surrendered their arms and were murdered is approaching 100 and to this frightful figure we must add the Enrique Bermudezes, Jean Paul Genies, Arges Sequeiras, and so on.

Today we are making a direct, solemn appeal to the president, her ministers, and the entire government, asking them to reflect upon the tremendous affront to morality and justice which another amnesty in Nicaragua would signify. It would also violate all of our commitments to human rights, and we would enshrine in law one of the bloodiest mockeries of justice ever recorded in America.

We cannot play with the fundamental roots and principles of human coexistence. We cannot shame our generation by inventing a credit card for crime that would be an irresponsible distortion of both the meaning and the moral and fraternal worth of amnesty: an act of understanding and a peaceful embrace in the great humanistic tradition of our country, one which, if repeated and abused, changes in symbolism to become a blatant protection of crime.

* Alternative Solutions Needed

93CA0150B Managua BARRICADA in Spanish 19 Jun 93 p 11

[Commentary by Carlos Gallo, president of the National Assembly's Human Rights Committee]

[Text] The latest amnesty comes from the government, which therefore has the task of defending its proposal. Debate and consultation with political forces, trade union groups, and churches is necessary, but in this debate and with respect to the problem of the rebels, responsibility belongs to us all and we have not heard any sensible proposal from the politicians or the Church.

Sandinism must not take the intransigent position that amnesty is the only solution to the problem, much less opt for backing the government in a military action. We have enough political and legal imagination to contribute a proposal that will leave no doubt about our commitment to justice.

We must not allow this debate to turn us into apologists for impunity and promoters of violence. In view of the crimes awaiting investigation and the determination of responsibility, the FSLN [Sandinist National Liberation Front] must continue to ask for the application of justice.

Most Nicaraguans feel that a great deal remains to be done in the administration of justice. We are indignant when we see thieves, rapists, and swindlers free in the streets.

In the name of peace and reconciliation in Latin America, we have resorted to amnesty, proper obedience, the law of the final period, and mercy. All of these laws lead to impunity and were decided upon in order to absolve those in government and their agents of policies of terror used against the citizenry.

Mercy and Social Programs

Once again, we are debating the possibility of amnesty, no longer for members of the government, but in order to deal with the problem of rebel armed groups, the result of this apparently endless political polarization.

Amnesty will not solve the problem of the rebels. What is more, such options promote the culture of violence and weaken our country's fragile institutions of justice. A significant number of rebels in arms have demobilized more than once in the course of these three years of government under UNO [National Opposition Union] and then rearmed for various reasons.

The government spent $7 million on weapons as a pacification measure, but this decision ended up promoting rebellion and crime.

Amnesty must not be conceived solely as a political necessity, but rather, as an effective contribution to the pacification and unity of all Nicaraguans. However, the government is contradictory in its peace moves. Sandinism is committed to the plan of peace and reconciliation, but this must not lead us to compromise with impunity and offer an ironfisted defense of an amnesty that would only mean forgetting the law.

Let us not further this state of defenselessness and lack of security in which we live. Society needs clear signs of change and our party can provide new forms of behavior and offer proposals regarding the administration of justice.

Before promulgating any amnesty, the government must implement an emergency social and economic program for rural areas. It would be an effective way to fight rebellion and banditry.

We urgently need judges in those municipalities affected by violence. We must gradually establish a basic system for the administration of justice in order to reduce impunity and strengthen police structures with competent human and economic resources.

Sandinism should back a possible pardon in the case of rebels who committed minor crimes, and such a legal solution could not be described as a law of impunity. However, we must not absolve or forget the murders of adversaries and of our comrades because if we do, our determination to reconcile the country in accordance with the law would be open to challenge.

Panama

President Says U.S. Ambassador's Comment 'Misunderstanding'

PA1507164493 Panama City EL PANAMA AMERICA in Spanish 15 Jul 93 p 10a

[Report by Arnulfo Barroso Watson]

[Text] President Guillermo Endara said the recent comment by Deane Hinton, U.S. ambassador in Panama, that our country has done very little to counter money laundering, is the result of a misunderstanding.

Endara, before boarding his flight to Salvador, Bahia, Brazil, to participate in the Third Ibero-American Summit, indicated that Hinton is well aware of the efforts Panama has taken and continues to take to combat this activity.

According to the president, Hinton did not interfere in Panama's internal affairs when he made this statement because drug trafficking is an international problem.

On the other hand, banking personalities consulted by EL PANAMA AMERICA said that on several occasions they have explained the progress our country has made in countering this criminal activity.

ARI Board Member on Canal Take Over

PA1507172293 Panama City EL SIGLO in Spanish 15 Jul 93 p 29

[Report by Roberto Rolando Rodriguez]

[Text] Stanley Muschett, a member of the Interoceanic Region Authority [ARI] Board of Directors and rector of Santa Maria La Antigua University, warns that it is necessary to guarantee that the Panama Canal will be free from "the fluctuations of political life" after 2000. He expressed confidence in this regard.

Muschett commented on President Guillermo Endara's plans to include the management, administration, and operation of the canal in the text of the Magna Carta through constitutional reforms.

"It is not a matter of selling the canal to anyone, but of the Panamanian people enjoying this property, in full use of their sovereign right," said the rector of the first Catholic university in the Republic of Panama and ARI Board member.

President Endara on 12 July announced his plans to include everything referent to the canal in the national Constitution.

A team of experts on canal and constitutional issues prepared a document that has been presented to the cabinet ministers for their approval or disapproval, following which it will be sent to the Legislative Assembly.

Nevertheless, Endara explained that he would like these constitutional reforms to be subjected to a popular consultation because they concern all Panamanians.

Muschett underscored that Endara has displayed an interest in studying and considering the best way for the Panamanian people to take over this property after 2000.

He spoke of Panama's readiness for the moment when it must take over the Panama Canal, asserting that from the human standpoint, "we are prepared" and we are very capable of dealing with the canal.

The issue, Muschett added, is that the Panamanian people must be willing to free the canal from the fluctuations of political life when it is transferred to the Republic of Panama.

Foreign Minister Not To Reconsider Walker's Appointment

PA1507171093 Panama City EL SIGLO in Spanish 15 Jul 93 p 12

[Report by Roberto Rolando Rodriguez]

[Text] Foreign Minister Julio Linares stated that the Government of the Republic of Panama can no longer reconsider the consent it has already given to the appointment of Mr. William Walker as the new diplomatic representative of U.S. President Bill Clinton's administration.

The head of Panamanian diplomacy said that reaction by the Jesuit Order representatives in Panama has been slow. In addition they did not approach the Foreign Ministry to express their opposition to the consent, which is a requirement of all diplomats before they begin their duties as ambassadors.

According to Linares, the Jesuits' opinion, which was made public through the media, is "quite valid." Nevertheless, he deplores the fact they did not contact the Foreign Ministry to express their concern.

"Panama has already given its consent," Minister Linares emphasized, and discarded any reconsideration of the appointment. Walker, a U.S. diplomat, was ambassador to El Salvador in 1986 when a massacre against Jesuit priests took place.

Walker's passive role during the investigations was criticized, and he was even named as an accomplice and accessory of the killing in which some high-ranking Salvadoran Army officers participated.

The new U.S. diplomatic representative is now expecting his ratification by the U.S. Senate in order to assume the U.S. diplomatic mission in Panama.

Mr. Walker will replace current U.S. Ambassador Deane Hinton, a veteran politician who arrived to Panama when U.S. troops invaded the country in order to depose the military dictatorship headed by Manuel Antonio Noriega.

Argentina

Di Tella Comments on UN Resolution on Falklands

PY1607002493 Buenos Aires BUENOS AIRES HERALD in English 15 Jul 93 pp 1, 13

[Article by Uki Goni]

[Excerpt] An Argentine pledge to safeguard the lifestyle of Malvinas-Falkland islanders secured a United Nations motion yesterday recommending the resumption of sovereignty negotiations between Great Britain and Argentina, Argentine Foreign Minister Guido Di Tella told the HERALD in a phone interview from New York last night.

In a conversation sprinkled with references of the Falklands as an "autonomous province" or "associated state," Di Tella called the Decolonization Committee vote a "very important" step towards a solution and "not a defeat for any of the parties" in the issue.

Two island representatives, Terry Peck and Bill Luxton, participated in the session presenting 14 points which form the basis of their aspirations, including the right to choose to be an independent state.

"The Saxon concept of sovereignty is associated with protecting a way of life, the Roman concept is a territorial concept and the one Argentina had emphasized until now," Di Tella said, after having secured the favourable consensus of the committee for the return of talks.

Argentina will now lean more towards the Saxon interpretation of sovereignty in its Malvinas policy, Di Tella told the HERALD.

The vote was seen as a major step forward, leading Di Tella last night to foresee incorporation of the Malvinas as "an autonomous province or associated state" at some future date.

"The two petitioners for the island, Peck and Luxton, challenged us to accept 14 points which form the basis of their aspirations," Di Tella said. "They were surprised when we accepted these points. Argentina's federal system is appropriate for recognizing what would be federal rights. The 14 points could even become the agenda for a hypothetical reunion."

The points include judicial autonomy and the right for the islands to fly their own flag. "There would have to be an Argentine flag somewhere, but the province of Santa Fe, for example, makes a big display of its flag. As for judicial autonomy, there would have to be a court of last resort but special solutions could be found for the special status of the islands," Di Tella said.

The incorporation of the islanders as a party to the talks, at least at a preliminary level, represents a substantial change from previous policy, after long years during which Argentina ignored their right to participate.

Di Tella has led the approach for more dialogue with the Malvinas, participating in radio phone-in shows from London, taking questions from the islanders and participating in face-to-face encounters with island representatives.

The encounters could hardly be classified as friendly but a willingness to consider the aspirations and grievances of the islanders is now perceived by Argentine foreign policy-makers as a necessary step towards a solution.

"They have a right to their way of life," Di Tella said yesterday. "Adding the concept of coexistence to the classic Argentine formula meant that instead of 18 or 22 favourable votes, we had the unanimous consensus of all the members of the Decolonization Committee. This has been a determining factor; they are looking at the islanders before making a decision."

Malvinas policy after yesterday's "very notable success" will seek to further reassure the islanders "that their lives will continue unchanged in any foreseeable solution, whether as an autonomous province or an associated state," Di Tella said. [passage omitted]

Plan To Help Cuban Republic Formulated

PY1507123393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2148 GMT 14 Jul 93

[Text] Buenos Aires, 14 Jul (NA)—Argentine Deputy Eduardo Varela Cid (Justicialist Party), who is also vice president of the Latin American Parliament, today reported that the Argentine delegation will, during the upcoming ordinary assembly of the Latin American Parliament, present a "Plan to Help the Cuban Republic," which contemplates holding "free presidential elections" in 1998.

The press communique signed by Varela Cid points out that, at the ordinary assembly of the Latin American Parliament to be held in Sao Paulo from 16 to 18 July, the Argentine delegation will present a program to favor Cuba for the 1994-98 period.

The Argentine proposal contemplates for 1994 "a 10-percent reduction in the economic and trade blockade against Cuba, the drafting of a list of foodstuffs and sources of energy resources, and the summoning of free municipal elections for mayors and deliberative organs with several political parties."

For the three following years the proposal contemplates wider lifting of the economic and trade blockade until it is entirely suspended in 1998, when free elections for president, vice president, and several other officials will be held.

Concluding, the communique states that "to comply with the proposed plan, the Latin American Parliament will appoint a special committee to evaluate and follow up the implementation of the plan during the transition period, and seek to obtain consensus and cooperation from Fidel Castro's current administration and from the next administration."

Brazil

Federal Police Strike; Summit Security Services Maintained

PY1507155693 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 15 Jul 93

[Text] The nationwide strike by Federal Police begins today, except for the Federal Police in Sao Paulo who have slated their strike for tomorrow. Nevertheless, essential services in all states as well as special services, such as the hunt for PC [entrepreneur Paulo Cesar] Farias and the security of the heads of state and government in Salvador, will be maintained.

[Begin Antonia Marcia Vale recording] Only in Sao Paulo has the strike been postponed for tomorrow. Nevertheless, the Federal Police trade union has guaranteed that essential services, such as airport and prison services, will continue. The security of the authorities participating in the Ibero-American summit in Salvador and PC Farias' hunt throughout our country will be maintained.

The police are asking for a 100-percent-odd salary adjustment and the implementation of a career program.

Brasilia Federal Police Superintendent (Edmond Salvatore) will decide this morning if [PC Farias' secretary] Rosinete Melanias can leave the clinic where she was admitted on 8 July.

Following a petition by Federal Court Judge Pedro Paulo Castelho Branco, Rosinete was examined yesterday by a medical team from the University of Brasilia Hospital. The result will be released this morning.

Despite the court recess, Judge Pedro Paulo Castelho Branco continues to work normally. Today he will interrogate the Couve brothers, who own the Santa Terezinha wholesale business here in Brasilia and who have also been imprisoned for tax evasion. They reportedly owe 700 billion cruzeiros in taxes.

* Congressional Voting Trend on Constitution Seen

93SM0317B Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 93 p 7

[Article by Sergio Leopoldo Rodrigues: "Poll Shows Voting Trend in Congress"]

[Text] Sao Paulo—Concerned about the approaching constitutional reform—scheduled to begin this coming 6 October—the labor movement set out to sketch a profile of federal deputies and senators and learn what they think about the matter.

After interviewing 373 of the 503 federal deputies (74.15 percent) and 45 of the 81 senators (55.55 percent), the DIAP (Interunion Department for Monitoring Congress) completed its poll at the start of this month. The conclusion reached is that as far as economic ideology is concerned, the majority of the 418 politicians interviewed describe themselves ideologically as being social democrats on economic matters (55.92 percent), while 20.15 percent describe themselves as economic liberals, 16.88 percent as socialists, 5.04 percent as neoliberals, and 2.02 percent as communists.

In the political area, the DIAP poll shows that the majority describe themselves politically as belonging to the center-left (39.95 percent), followed by those saying they are in the center (31.3 percent), on the left (19.34 percent), in the center-right (6.38 percent), and on the right (3.05 percent).

The poll also showed the voting trend among those congressmen as regards various items in the current Constitution. In the economic area, for example, 42 percent of those polled agree with the current concept of Brazilian companies with domestic capital. Although 20.9 percent disagree, another 21.9 percent do agree, but with the proviso that the current provisions granting protection and temporary benefits and preferential treatment in the purchase of goods and services by government agencies must be eliminated.

Moreover, although the majority (40.1 percent) supports the Union's monopoly in the sectors stipulated in the Constitution, 39.61 percent support restrictions—saying that some sectors should be opened up to private enterprise—and 17.36 percent disagree, saying that they favor the unconditional elimination of those monopolies.

Concerning the financial system, 70.39 percent support the independence of the Central Bank, and 18.45 percent oppose it. The majority of those polled (60.29 percent) still favors the interest rate ceiling of 12 percent per year, while 29.54 percent are opposed. Concerning the minimum wage, the DIAP poll shows that 47.58 percent feel that the minimum wage should continue to be uniform nationwide, while 21.63 percent support its regionalization.

* Number of Strikes in 1992 Drops 28 Percent

93SM0317D Sao Paulo GAZETA MERCANTIL in Portuguese 12-14 Jun 93 p 6

[Article by Ana Florence: "Number of Strikes in 1992 Was 28 Percent Below That Recorded in 1991"]

[Text] Sao Paulo—Deep recession with persistent and high inflation, combined with a high unemployment rate, is interfering directly with the union movement. The number of strikes conducted throughout the country last year was 28 percent lower than the number recorded in 1991. In all, there were 568 work stoppages, compared to 789 during the preceding 12 months, according to the

Department of Socioeconomic and Political Studies (DESEP) of the Sole Workers Center (CUT).

The survey by DESEP shows that the public sector was responsible for the largest number of strikes (17 percent), followed by the health sector and the metalworking industry (13.7 percent each). The largest percentage of workers affected was also in the public sector: about 614,000 workers, who were on strike for an average of seven days.

Compared to the private sector, work stoppages by government employees lasted longer: an average of 10 days, compared to five days in the case of private companies.

The majority of the strikers were seeking better wages.

About 62.3 percent of all demands had to do with wages. But the agreement in the automotive industry, which provides for monthly wage increases completely offsetting the previous month's inflation plus a real gain of 20 percent spread over three years (through 1995), prevented an outbreak of strikes in that sector. "Agreements providing monthly increases ensure social peace," said Carlos Eduardo Uchoa Fagundes, president of the Union of Lamp and Electrical Lighting Device Industries (Abilux).

In the financial market as well, wage negotiations have guaranteed full compensation for inflation at the end of each 12-month period between 1990 and now. In addition, "the past three years have seen an advance by democratization in our country, with more dialogue between businessmen and workers," says Gilmar Carneiro, who is president of the Sao Paulo Bank Workers Union and a member of the CUT National Executive Committee.

Work Stoppages Throughout the Country, 1986-1992

	Number of	
Year	**Strikes**	**Strikers**
1986	1,267	8,254,140
1987	1,052	12,047,000
1988	849	8,213,899
1989	1,548	10,082,330
1990	2,200	12,353,183
1991	789	9,291,393
1992	568	2,923,472

Source: DESEP-CUT (data gathered from press and unions, checked in some cases against data from the DIEESE [Interunion Department for Statistics and Socioeconomic Studies]).

Other work stoppages were caused by failure to comply with labor laws and agreements (including delays in paying wages) (about 27.2 percent of the total), while clauses concerned with wage compensation were involved in 10 percent of the strikes.

The proportions change when branch of activity is taken into account. In the metalworking industry, 34.6 percent of the strikes were in response to layoffs, while 26.9 percent were called to obtain better wages.

According to the study, 38.9 percent of the 568 strikes occurring last year took place in the State of Sao Paulo, which is the country's largest industrial center.

* Status of Privatization Program Discussed

93SM0317C Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jun 93 p 19

[Article by Vera Saavedra Durao: "BNDES and Executive Committee Will Keep Duties in Program, Says Stepanenko"]

[Text] Rio de Janeiro—Minister of Planning Alexis Stepanenko does not foresee any changes in the duties of the BNDES [National Bank for Economic and Social Development] and the executive committee of the National Privatization Program (PND) as a consequence of the government's Immediate Action Plan (PAI), which directs that the management of government-owned firms up for sale be transferred to the Ministry of Finance. That transfer will be the object of a legislative bill, but the minister asserts that the BNDES, an agency overseen by his ministry, will remain as "manager" of the PND. The committee will continue to set policy and carry out the program.

Ricardo Figueiro, head of the general secretariat set up in the BNDES to support the PND, expects privatization of the electric and railroad industries to begin next year. In the case of the electricity distributors in Rio de Janeiro and Espirito Santo—Light and Escelsa, which will be the first two firms to be sold—the process is still at the stage where consultants are being hired to conduct a study of the sector, make an economic and financial evaluation of the firms, and recommend a sales plan and a minimum price. Trevisan will handle Part B of that phase, while Deloitte will be responsible for Part A.

Trevisan will have to prepare the study, recommend the sales plan, and suggest a minimum price for the distributing companies. It will then submit its proposal to the executive committee. "Trevisan will require 210 days or seven months to complete those services at Light and 290 days to do the same job at Escelsa," said Figueiro. In other words, it will be the first quarter of 1994 before the figures and recommended plans are ready for the committee to approve or reject.

At that point, the invitations to bid, privatization timetable, and other formalities involved in the process will be worked out and published. Montoro Filho, president of the executive committee, does not expect the distributing firms to be sold until next year. He feels that the plan adopted in Light's case will be the "Mexican model," meaning that the government will retain part of the firm's shares but sell the controlling interest to the private sector.

Railroad Network

In the case of the railroad industry, privatization of the Federal Railway Network, Inc. (RFFSA) is just beginning. It was only two weeks ago that the New Railroad Consortium submitted to the executive committee its suggested plan for selling the network. So far, no decision on the matter has been reached.

The consortium's suggestions for selling the railroad are based on the "division model," with the network being divided into smaller firms under one holding company. Another proposal calls for separating the operating assets from the nonoperating assets and selling them separately. The RFFSA has a very large volume of nonoperating assets that can be excluded when selling the railroad: parcels of land, workshops, workers' housing, and even ranches.

The RFFSA has 22,000 km of track divided among 11 regional superintendencies. That explains some of the ideas the consultants have about selling one or two branch lines separately, for example, or dividing the entire network into macroregions. The RFFSA billed $800 million in 1992, but the firm is losing money.

Union Petrochemicals

At its meeting on Monday, the executive committee again postponed a decision on a plan for selling Union Petrochemicals (PQU). The BNDES has scheduled a meeting with Unipar, one of the firm's stockholders, to discuss matters related to Petroquisa's residual holdings in the firm, according to Ricardo Figueiro. The executive committee will discuss the matter again two weeks from now.

National Iron and Steel Company

The price per share in the public offering of 13.9 percent of the common shares in the CSN [National Iron and Steel Company] has been set at 1,154.00 cruzeiros. The total value of the offering is 12.6 trillion cruzeiros ($210.9 million based on the expected value of the dollar on 9 July, the settlement date for the operation), and 10.9 billion shares are being negotiated.

* Pressures Against Budget Cuts Threaten Plan

93SM0334A Sao Paulo VEJA in Portuguese 23 Jun 93 pp 20-24

[Unattributed article: "Chinks in the Planalto's Armor"]

[Text] Finance Minister Fernando Henrique Cardoso is still the best choice available for the worst job in Brazil, but last week there were several signals from Brasilia that his assignment will be more complicated than had been imagined. The signals came in two types. First, it became obvious that there are some colossal pressures against the minister. Second, it became evident that he is making some significant concessions, but we do not really know what he is getting in return. The week began with an announcement of a tough program of cuts in government spending to balance the government's accounts and give the administration some credibility. Four days later, a significant amount of money was already leaking out of the federal government's coffers.

The government gave money for Rio de Janeiro's Red Line, which links Galeao Airport to the city center, did a similar favor for the Brasilia subway, and also set aside some assistance for Brazilian film makers. These are funds the federal government released only because it wanted to, not because it had to. It is Governor Leonel Brizola who should be taking care of the Red Line, and it is up to *candango* Joaquim Roriz to push ahead with his absurd subway system. Justifications are always being offered for these transactions, but at a time of crisis it is hard to understand why the federal government decided to use the Brazilian taxpayers' money to build a $700 million subway line (it will cost at least twice that) in a city like Brasilia, which has absolutely no traffic problems. The film industry took $16 million, and President Itamar Franco won a kiss on the mouth from actress Norma Bengell at a ceremony held two weeks ago: "The most expensive kiss in Brazil," said Bahia Governor Antonio Carlos Magalhaes.

Hard Up

There were also some surprises from the accounts receivable side of the ledger. After announcing his intention to collect a $13.6 billion debt from the State of Sao Paulo, the Ministry of Finance admitted that the state's outstanding balance was not that big and meekly accepted the figures submitted by Sao Paulo Governor Luiz Antonio Fleury Filho, who said the debt is only $1 billion. Brasilia immediately agreed, casting doubt on its relationship with arithmetic or its political determination.

"All the governors have to do is challenge the figures on their states' debts and Brasilia gets all flustered," said Alceu Collares, governor of Rio Grande do Sul. The administration could not even make Congress vote on the implementing regulations for the check tax, the IPMF [Temporary Tax on Financial Movements], which will fatten up the Treasury. The latest attempt, on Thursday, failed out of fear of a defeat.

In a positive move, the administration created a scene and thwarted the attempt of a group of politicians to demolish its state enterprise sales program. On Thursday, Itamar and Fernando Henrique met with the members of the CPI [Congressional Investigating Committee] on Privatization, who submitted some generic suspicions about the good faith of the process and asked the president to suspend it. Itamar lost his patience and wagged his finger at the legislators. "I am going to recess the meeting now and give you a few milliseconds to give me a report. I do not want vague accusations," he blustered.

Another positive note on Itamar: He is trying hard not to get in the way of his minister—and last round of bullets—because of some clash of personalities. He suggested an anti-intrigue pact with Fernando Henrique: "They are going to try to say that you are the good guy and I am the bad guy, that you are intelligent and I am stupid, but let us not play that game."

Minister Fernando Henrique Cardoso won the country's support because of a simple detail, by saying something none of his recent predecessors had the courage to say out loud. He simply proposed the first "shock treatment" for the public sector, after five such treatments failed in the private sector, heretofore considered the villain in the inflationary process. The minister acknowledged that the driving force behind the snags in the economy is the government, since private-enterprise Brazil, as he sees it, has already made adjustments and is growing. As he had promised, he left for later any talk of a shock treatment to bring down the inflation rate.

Booby Traps

The problem for the minister is that this first phase, difficult and full of booby traps though it may be, is like fording a creek in comparison with the Amazon River that lies ahead. "If he is successful in everything he is promising in this stage, he will merely be repeating 1991 and 1992," said Deputy Antonio Delfim Netto. The question is whether he really will be successful in this initial round of spending cuts. The program Fernando Henrique presented last Monday was intended to reverse the country's gloomy expectations with regard to controlling inflation, not to hold prices down. In the second period of play, he will have to deal with the constitutional revision, scheduled to start in October. And then there is an intermission, denied by the team at Finance but held as inevitable by most economists, including those who get along well with the minister's team. That is when a heterodox blow will be struck against inflation, via some kind of price control, or maybe dollarization.

An Heroic Cut

The challenges are bigger than they appear, even for someone who started out with as much capital, in terms of credibility, as Fernando Henrique did. According to former Minister Mailson da Nobrega's estimates, 97.6 percent of federal government revenues are already obligated to cover constitutionally mandated transfers to the states and cities, education, social security, and government employee salaries. Only 2.4 percent of all the money collected is left over, and it has to cover a lot of essential items. It has to be used to pay interest on the domestic debt. The same money is supposed to pay for rent, electricity, equipment maintenance, and other everyday expenses of the administrative machinery. There also has to be something left for the legislative and judicial branches.

At the end of the Sarney era, the government was borrowing money to pay expenses, which represented 120 percent of revenues. The near-bankruptcy was disguised for awhile, thanks to the confiscation of bank deposits very early in the Collor administration, and by former Minister Zelia Cardoso de Mello's habit of postponing expenditures. The specter of bankruptcy is back again, and is visible at hospitals that have no sterile cotton, or universities without lab supplies. The Social Security system is bound to go into the red this year. "Unless a fiscal adjustment can be made during the upcoming constitutional reform, the situation could be worse than at the end of the Sarney government," Mailson said. "Under today's conditions, Fernando Henrique's $6 billion cut might look puny, but it is of heroic proportions."

[Boxed Chart, p 21]

Where The Money Leaks Out
The holes in the Treasury coffers, and how Fernando Henrique plans to plug them

	Government Banks	State Enterprises	Debts	Tax Evasion	The Budget
THE PROBLEM	The banks are used for political purposes, they refuse to close money-losing branches (one in every four fall into this category), and they spend too much on personnel (83 percent of their costs). Of every 100 cruzeiros, 74 is lent to governments. The majority lost money in 1992.	The government has 122 state enterprises, employing 700,000 people. They will spend $55 billion to operate in 1993, but probably earn only $48 billion. The government will have to make up the $7 billion shortage.	The states and cities owe the federal government $40 billion and the private sector $13 billion. The government plans to collect $20.5 billion of the $40 billion. The rest are debts that are being paid off.	For every cruzeiro in revenue collected, another falls through the cracks. Brazil has 58 taxes, and a few pay a lot. The economically active population numbers 63 million, but only 7 million file income tax returns.	Of the $240 billion budget, $231 billion is obligated to cover mandatory expenses. Only $6.7 billion can be cut without bringing the government to a halt.

Where The Money Leaks Out
The holes in the Treasury coffers, and how Fernando Henrique plans to plug them

	Government Banks	State Enterprises	Debts	Tax Evasion	The Budget
THE PROGRAM	Close money-losing branches, balance the books, and prohibit the Central Bank from rescuing them. This poses political problems. It is likely that in the next several days, the government will let three banks reopen.	Accelerate privatization. In the case of profitable state enterprises, sell off the controlling interest, but hold on to shares that might rise in value in the future. There are political problems here, too. On Thursday, members of the privatization CPI questioned the honesty of the program.	Roll over the debt in 20 years. It is likely that the government will require the states to reserve 11 percent of their revenues to pay it off. The governors want to set aside less. They also say their debts are smaller.	Monitor payments by the 30,000 biggest companies. Go after the 115,000 individuals who did not pay income tax last year. Also go after the 300,00 who did not even file a return in 1992.	Cut $6 billion. Curb new investments. There is tremendous pressure to spend, and it could torpedo some points of the program.

Just A Lawsuit Between Friends

The state enterprises flog this country with their chronically low productivity, waste, and losses. So far no government has brought them into line. In a challenge to austerity, the biggest and most powerful state enterprise, Petrobras [Brazilian Petroleum Corporation], will pay its employees 17 months of wages and salaries this year. Through the courts they won the right to a piece of an inflation adjustment, 26.06 percent, that was said to have been swallowed up by the Bresser Plan in 1987. Whenever benefits are discussed, the Petrobras employees get them all. The company's employees had apparently already been compensated for the "hiccup" of the Bresser Plan because of the real wage raises they won in 1988 and 1989. Out of incompetence, or perhaps by design, the Petrobras directors did not make it clear that it was replacing the lost inflation adjustments, so now the courts are ordering the firm to pay them again. This will cost the taxpayers $200 million.

Disciplining the state enterprises is one of the announced goals of Minister Fernando Henrique Cardoso, who intends to accelerate the process of privatizing the government's corporations. Putting them on the auction block could clear up some of the nation's problems. The government's 122 companies will require $7 billion in new money if they are to continue operating this year. The state enterprise bill is already on its way to the National Treasury, where it will suck up the few resources the government is saving for establishments that are much more vital to the public, such as hospitals and schools.

Furnas Following Close Behind

When it comes to demanding benefits, Petrobras usually leads the way and the rest of the state enterprises come running after it. The 7,000 employees of Furnas [Furnas Electric Power Plants, Inc.] have already rushed to court to claim the same gift as their colleagues at Petrobras—the inflation adjustment that vanished under the Bresser Plan. In the case of Furnas, too, the losses incurred by the workers have already been corrected by restoration of real increases in their paychecks. If the electricity corporation can convince the judges, the company's payroll will go up by $100 million—without producing even a kilowatt more, obviously. "This claim cannot have come at a worse time, financially," complained Furnas President Marcello Siqueira.

When not winning new lawsuits in the labor courts, Petrobras employees usually get 15 monthly wage or salary payments a year—the 13 payments required by law, plus two more comprised of unbelievable benefits such as a 30 percent hazardous duty bonus for everyone. Really. Everyone at Petrobras, from the engineer working at his drawing board far from any danger of fire to the secretary who pilots only a telephone, earns extra pay for hazardous duty. Then, all the employees of the state petroleum company earn 8.33 percent as profit-sharing. Funny thing is, the benefit is paid whether or not there is a profit. The workers at the Brazilian Reinsurance Institute, the IRB, another government sinecure, manage to triple their salaries by this kind of benefit. Methodically, for every 100 cruzeiros of salary deposited, the IRB pays the employees an extra 223 cruzeiros. In the real world of private enterprise, it is more customary to deduct something at the end of the month.

[Box p 22]

Islands of Inefficiency

The state companies act as though they have money to burn:

- **Productivity:** It is estimated that seven of 10 state enterprises are inefficient. The 20 companies that have been privatized had paid the government $702 million in dividends since they were created, but sucked $11 billion out of it.
- **Personnel Expenses:** A state enterprise employee costs 50 percent more than a private sector employee. He gets pay raises for length of service every year, and even bigger raises every five years, plus several other favors

- **Indebtedness**: To make it through this year, the state companies will have to burn $6.9 billion. In 1992, they borrowed $1.6 billion from the Treasury.

Tame the Monster

Planning Minister Alexis Stepanenko seems willing to lift the veil from the mystery of the multiplying salaries. "Corporativism must not be allowed to conquer the public interest," the minister said. Minister Romildo Canhim, Chief of the Federal Administration Secretariat, the SAF, set a deadline of 27 July for state enterprises to do something they have never done: render detailed accounts of everything they pay their employee. "We are going to open up that black box," Canhim insists.

It would be a very good thing, especially to explain some impressive figures that the administration has in its possession in the form of a survey of state enterprise salaries. According to that study, some BNDES [National Bank for Economic and Social Development] officials are earning 353 million cruzeiros [a month]. Middle-level bank employees—secretaries, for example—are getting 190 million cruzeiros. The survey turned up pay slips for 207 million cruzeiros at the San Francisco Hydroelectric Company, Chesf, and for 213 million at Eletrobras [Brazilian Electric Power Company, Inc.]. The BNDES, Chesf, and Eletrobras challenged the government's report, but have not yet shown any willingness to review the salaries they pay. If Ministers Stepanenko and Canhim really can discipline the state enterprises, they will have tamed a monster that has mercilessly defeated all their predecessors.

[Box p 22]

Fat Profits For Some

President Itamar Franco promised a rapid and transparent privatization program. It has not been rapid and, last week, congressmen from the CPI [Congressional Investigating Committee] on Privatization questioned its transparency. There is a lot of opposition to the program, even with all the modifications introduced by President Itamar. Although the government has not received a substantial amount of money from that sector, some speculators who have taken advantage of the opportunity to make some excellent deals on the stock markets, and the price has been the discussions on privatization.

Since Fernando Henrique Cardoso took over, the government has been talking about accelerating the privatization effort, and cautious references are being made to sectors that are in its sights. The result can be felt on the trading floor. In only 14 days (from 4 to 18 June), the price of Eletrobras stock has risen 21 percent, and Vale do Rio Doce stock is up by 58 percent. For those who knew how to play the game, it was party time.

Outside the Law

The state banks are one of the components of public finance that is in the greatest disarray, and that is why Minister Fernando Henrique Cardoso wants to force them to accept some discipline. Most of them, according to a Central Bank study, show a profit only because of creative ways of preparing the balance sheets. If they were forced to prepare an honest rendering of accounts, many would disappear, so huge are the deviations that separate them from the rules by which a lending institution operates. Eighty-three percent of state bank overhead is tied up in the payroll, compared with 59 percent for the private banks. One in every four of their branch offices is operating in the red. They are also terrible at choosing their borrowers. They commit 74 percent of their available funds to the governments that created them. "The state banks are running the financial market marathon while wearing ankle weights," said Luiz Eduardo Assis, a former director of the Central Bank.

Last week, Minister Fernando Henrique included in his economic program a list of measures that could introduce order into the life of the state banks, which are one of the sources that feeds inflation. His proposals are as follows: The Central Bank would be autonomous, so it could force the state banks to adhere to the standards set for the private banks. Its officers could be prosecuted for white-collar (financial) crimes, and there would be no more bailouts of banks that are in poor shape. Furthermore, money-losing branches would have to be closed. These orders are not new, but they have never been followed. The reason is very simple: the state banks are the right arms of the governors, and with that much clout, they always escape Brasilia's control.

Incestuous Relationship

The complication arises because state banks operate like machines for making friends, influencing people, and winning prestige and votes. They go crazy at election time. That is when governors bury entire fortunes in the financing of political campaigns. In theory, only the Central Bank can print Brazilian currency. In practice, every time a governor withdraws more money than his bank has on hand, he obliges the Central Bank to make up the difference and to throw more cash onto the market, which forces the inflation rate upward.

Having dipped too heavily into the coffers of the Central Bank, the state banks of Piaui, Paraiba, and Rio Grande do Norte have been closed for almost three years. Three days after the government announced its intention to play hardball with the state banks, the governors of those three states went to Brasilia to ask for $8.5 million with which to reopen them. "We are within the limits of the plan," argued Freitas Neto, governor of Piaui. The new finance minister responded that he is not opposed to reopening the banks—provided they use their own money to plug the institutions back into the financial system. "There will be no additional money to reopen the state banks," Central Bank President Paulo Cesar Ximenes told FOLHA DE SAO PAULO last Friday.

The governors, who control votes in Congress, have an incestuous relationship with their states' banks. On the eve of the 1990 election, Banespa, the bank of the State of Sao Paulo, released $600 million to then-Governor Orestes Quercia. It was money that did not exist, so between 1990 and 1991, Banespa knocked on the Central Bank's door several times to patch up the damage. With interest and monetary correction, that IOU is now worth $1 billion. Jofre Alves de Carvalho, vice president of Banespa, insists that the loan has been renegotiated and is being paid off, but the transaction has already had its effect on inflation. And that is not all. Loaning a fortune to a single borrower is risky, and in this case, illegal. A bank is not supposed to loan to its directors, shareholders, or persons or companies associated with them. The owner of a private bank does not even have overdraft privileges. Things are different at the public banks.

Hot Potato

The result of the long list of bad business deals made by the state banks is disastrous. Of all the money they have loaned out since they were created, $10 billion has never been repaid. Furthermore, the banks carry the burden of state government bonds, papers the state governments used to issue, until last year, when they needed extra money. The governors spent what they received and left it to the banks to put off paying the debt by eternally trading the bonds on the market. When there are no interested investors, the hot potato ends up in the banks' hands. Result: they look for money from the Central Bank to balance their books. Ultimately, it is the Central Bank that gets stiffed; in the past 10 years it has disbursed $2.3 billion to save the state banks from bankruptcy.

If the problem were merely one of financial calculations, logic would point to a simple solution: instead of reopening the three banks in the Northeast, the administration should close most of the 87 state-owned financial institutions. But things are not that simple. The state banks are corporations, but are defined as institutions having "a social function," and are headed by politicians who have power to put pressure on the federal government. "So far, the state banks have operated like a mainspring for political plans. If he can bring them into line, then good for Fernando Henrique," said Deputy Miro Teixeira.

[Box p 23]

Ratholes

Here are some figures on the state banks:

- **Profitability::** The official banks earn profits of 7.60 cruzeiros for every 1,000 cruzeiros invested. Private banks make 15.30 cruzeiros.
- **Personnel Expenses:** To make a profit of 1,000 cruzeiros, the state banks spend 25,000 cruzeiros on personnel. Private banks spend one-sixth of that.
- **Questionable Loans:** Of every 1,000 cruzeiros in problem loans held by the banking system, 940 cruzeiros are held by the official banks.

* Oil Imports Double From Kuwait, Drop From Iran

93SM0317F Sao Paulo GAZETA MERCANTIL in Portuguese 10-11 Jun 93 p 1

[Article by Fatima Belchior: "Brazil Doubles Oil Imports From Kuwait"]

[Text] Rio de Janeiro—Petrobras signed a contract with Kuwait last Wednesday that will double imports of petroleum from that country: from 30,000 to 60,000 barrels per day. That volume makes Kuwait Brazil's second-largest petroleum supplier, being exceeded only by Saudi Arabia, which sells us 150,000 barrels per day.

Recent months have seen important changes in the list of countries exporting petroleum to Brazil. Saudi Arabia used to sell us 200,000 barrels per day, but its volume has been reduced to 150,000 barrels. Iran has also lost market share: its sales have dropped from 120,000 barrels to 40,000 barrels per day.

To offset that, Petrobras has been doing more business with Argentina. At the start of the year, Brazil signed a contract to buy 40,000 barrels of petroleum per day from our neighboring country.

According to Petrobras marketing director Roberto Villa, the drop in the volume imported from Saudi Arabia occurred because of disagreements over prices. As a result of the increased world supply of petroleum, Petrobras tried to agree on a price reduction with the Saudis but was unsuccessful. "We asked for changes in the contract, but they were not accepted by Saudi Arabia," said Villa.

In Iran's case, the drop in imports was caused by that country's failure to live up to its agreement to buy Brazilian products. The reduced volume from Iran provided room for Argentina to become one of Brazil's big suppliers and also made the bigger purchases from Kuwait possible. Kuwait has been trying to recover its share of the world market following the difficulties encountered during the war in the Persian Gulf.

Also among Brazil's suppliers are Venezuela, which sells us from 20,000 to 30,000 barrels per day, and Mexico, which sells us another 20,000 barrels. Our country's total imports are now on the order of 500,000 barrels per day, about 300,000 of which are acquired under fixed contracts. The remainder is acquired in the spot market.

* Mercosur Coordinator Views Obstacles, Uruguay Round

93SM0317E Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 93 p 18

[Article by Maria Helena Tachinardi: "Taxes Are the Main Obstacle to Brazil's Competitiveness, Says Coordinator"]

[Text] Brasilia—Mercosur [Common Market of the South] is causing new problems for Brazilian agriculture, but only by bringing to light the difficulties that already existed. In the 1960's, for example, the import substitution model favored industrial development over agricultural development. In the 1970's, there was growth in agriculture, but with compensatory policies (minimum price guarantees, loans, and subsidies) that did not take production costs and competitiveness into account.

Now the government can no longer afford to finance rural production—a problem made worse by the tax burden borne by farm products. The farmer pays 35 percent in ICMS [goods and services movement tax] alone, not to mention other charges such as those for the PIS [Social Integration Program] and Finsocial [Social Investment Fund]. From that standpoint, Mercosur does not necessarily complicate the situation in agriculture and may even help it—for example, by inducing Brazil "to reduce the tax burden falling on primary production, deregulate the transportation industry, and reduce tariffs on agricultural inputs," according to Ambassador Rubens Barbosa, coordinator of the Brazilian section of the Common Market Group, who was speaking yesterday at a public hearing called by the Agriculture Committee of the Chamber of Deputies.

Benjamin Martinez Martinez, secretary for agricultural policy in the Ministry of Agriculture and coordinator of Mercosur's Subgroup 8, commented that "from the moment that Brazil decided in favor of an economic opening-up, it decreed the end of the previous model," which had called for an autarkic or self-sufficient country. "The problem of competitiveness is no longer a matter of technology or productivity but of tax structure. Out of every 100 cruzeiros, 35 cruzeiros go to pay the ICMS, and another 8 to 10 percent goes to the PIS and Finsocial. That is brutal," Martinez commented. According to him, "the problem is not Mercosur. Effective 1 July, the agricultural tariff will be 10 percent for the rest of the world (the maximum rate between Brazil and Argentina will be 2.5 percent because the margin of preference is being increased to 75 percent). The problem is not with tariffs. What is lacking are investments in the transportation sector," he said, using as his example one of the big bottlenecks in the Southern Cone.

Barbosa cited other problems such as roads in precarious condition and the excessive workload at the border in Uruguaiana. "The increase in trade between the Mercosur countries is causing additional problems: an excessive workload at the borders and in the customs stations, for example." He said the countries would have to agree on some kind of rule establishing a system of uninterrupted work to facilitate movement at the borders.

The ambassador, who is also under secretary general for economic affairs and integration in the Ministry of Foreign Affairs, noted that the Uruguay Round of GATT might have important implications for Mercosur, especially if the so-called peace clause suggested by the EEC is approved. That clause establishes a six-year truce period for countries that subsidize their products. It means that importing countries could not adopt antidumping measures or enact countervailing duties. The ambassador emphasized: "For six years, if that clause is approved, we will not be able to adopt defense mechanisms. That will affect Mercosur adversely. Argentina will not be able to export wheat to Brazil because wheat will be subsidized here at a lower price than that supplied by the Argentines."

According to Martinez, Brazil has already taken into account the possibility that the peace clause will be approved. For that reason, consolidated tariffs of from 35 to 55 percent have already been proposed for products such as wheat, rice, dairy products, and corn, which are subsidized in international trade. He also commented that the results of the Uruguay Round would determine Mercosur's stand on the formulation of a common external tariff.

Although the Uruguay Round will not end until December—that is, after the external tariff is adopted—a "window" permitting differentiated tariff treatment was opened by the Mercosur presidents last December.

In that connection, Barbosa announced that the meeting by the Common Market Group in Asuncion on the 28th, 29th, and 30th would be decisive as regards formulation of the external tariff, since that is where a short list of products entitled to a 35-percent tariff through the year 2001 will be adopted (the maximum rate for most products will be 20 percent).

Also speaking at the hearing by the Chamber of Deputies was Prof. Ady Raul da Silva, who stressed the vulnerability of agriculture in Mercosur: "Brazilian imports of farm products are from five to six times greater than Brazilian exports to those countries. Of the vulnerable farm products, no important items have been included on the list of exceptions or provided with safeguards. It is hard to imagine that our negotiators did not protect wheat and flour, barley, dairy products, malt, onions, or garlic (onions and garlic were included but were then withdrawn before January 1992)."

Subgroup 8, which handles agricultural policy for Mercosur, is working with the Inter-American Development Bank (IDB) and the EEC on a project concerned with competitiveness. By order of priority, the following production chains will be studied: oilseeds, beef, cotton, grapes/wine, apples and pears, vegetables, peaches and plums, juice, wheat and flour, corn, bananas, dairy products, forest products, pork, and melons and citrus fruit.

* Fritsch Views Implementation of Economic Plan

93SM0317A Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 93 p 5

[Article by Claudia Safatle: "Fritsch Asks Support of Governors in Implementing Economic Plan"]

[Text] Brasilia—Without the support of the governors, it will be difficult or practically impossible to implement the Itamar Franco administration's economic program. Winston Fritsch, secretary for economic policy in the Ministry of Finance, pointed out yesterday: "It is not possible to let every state have its own mint. That prerogative belongs to the Union." He feels that if that is not understood—if an awareness of the need for a "change in the tax system" is not created and the "tremendous conflict over the distribution of the Union's meager available resources" prevails—it will not be possible to solve the problem of inflation, resume economic growth, or "guarantee democracy."

The government will have to issue securities or currency to finance any possible budget "hole" that is not covered either by surplus tax collections or by cuts in spending and a reshuffling of revenues, as the secretary acknowledged. He was not yet able to say whether or not there would be a budget deficit, his reason being that there were uncertainties concerning the behavior of important variables, one example being the behavior of tax revenues. There is also the expectation that the state governments will resume payment of the debts they owe the Union, something that would constitute an injection of funds into the Treasury.

According to Fritsch, the accounts in the General Budget of the Union for the second half of this year are "critical." Given the skimpy revenues in comparison with expenditures, the government has practically no room for maneuver in putting together a fiscal policy. The budget, which calls for total revenues of $70 billion, allocates only part of that—$16 billion—to ordinary expenditures and investment. The remainder consists of revenues for specific purposes (40 percent of total revenues) and for the payment of salaries and interest. The $6 billion cut required by the Immediate Action Program reduces the amount of funds available for ordinary expenditures and investment to $10 billion.

Those figures show, then, that one of the main provisions to be altered in the constitutional revision is that regarding revenues for specific purposes. Since practically 90 percent of total revenues have a specific purpose—besides mandated expenditures, there is the payment of salaries and benefits and of interest on the domestic and foreign debt—the little that is left over makes it impossible to come up with any fiscal policy at all, fiscal policy being understood as the government's ability to redirect allocations into priority areas.

There is another question as far as closing the books this year is concerned. Budget planning has a built-in deficit of approximately $11.5 billion that it may be possible to finance with surplus tax collections. If not, Fritsch has already made it clear that the financing is going to be found anyway by issuing currency or securities.

Also beginning now is work on the Union budget for 1994, which must be submitted to the National Congress no later than this coming 31 August. The new economic team has several plans for that budget. First, it wants the budget to be drawn up in a realistic manner, if possible on the basis of a minimum agenda of items to be revised in this October's constitutional revision.

In the case of the 1994 budget, the intention is to begin working now on the transfer to the states of a number of areas that are currently the Union's responsibility. Areas in which there is what the economists call concurrent jurisdiction—meaning that responsibility is divided among the three levels of government, an example being primary education—are to be transferred to the state and municipal governments.

The secretary for economic policy feels that implementation of the program will cause the inflation rate to fall slowly and gradually. Without the program, "we will not advance by even one step toward solving the problem of inflation," he warned.

The assistant secretary for economic policy, Gustavo Franco, is also convinced that that is the only way to go and that what it probably involves is a new tax system capable of defeating inflation without the need for additional measures to interrupt inflationary inertia. He argued: "Inflation today is a matter of expectations, not of inertia."

Bills

Although the Immediate Action Program calls for a number of bills and presidential decrees and a complementary law, those laws have not yet been written by the administration. Task forces have been appointed for each item in the program, and it is those task forces which will prepare the legal instruments necessary for implementing the program. The measures for putting life into the program's proposals will begin to be announced next week.

Chile

Center-Right Registers Legislative Ticket at Last Moment

PY1507171893 Santiago Radio Cooperativa Network in Spanish 1100 GMT 15 Jul 93

[Excerpts] The center-right must never again perform this kind of spectacle. This was the comment made by National Renewal Party [RN] President Andres Allamand on the series of problems that surfaced in this sector in registering its legislative ticket.

The UDI [Independent Democratic Union], the Center Center Union [UCC], and RN arrived at the Electoral

Service offices to register their candidates for seats in Congress only one minute before the legal deadline expired. [passage omitted]

The center-right completed its legislative ticket only one minute before the deadline to register its candidates at the Electoral Service.

RN, UDI, UCC, National Party, and Party of the South representatives arrived at the Electoral Service at approximately midnight after lengthy, tense, and uncertain negotiations that lasted until 2330. The materialization of the Unity for Chile's Development Alliance [Pacto Union Por El Progreso de Chile] was almost thwarted by the fact that the UCC did not join the meeting in time and did not have the necessary candidates nor conditions to register this pact with the Electoral Service. Consequently, in the afternoon, the UDI and RN drafted alternative tickets excluding the UCC, and made an appeal to their supporters to supply all the necessary documents for registration, that is, birth certificates, high school certificates, and residence affidavits. The pact, however, was finally accomplished. [passage omitted]

The conflictive issues were settled. UCC members alone will represent the northern Seventh Region, that is, Francisco Javier Errazuriz and Jorge Contra; Evelyn Matthei will represent District 15 in San Antonio; current RN Senator Sergio Diez and Party of the South President Eduardo Diaz will represent the southern Ninth Region; Gustavo Alessandri Valdez in Cauquenes; UDI Secretary General Domingo Arteaga with Alberto Cardemil of the RN in central Santiago; and RN Chairman Andres Allamand and UDI representative Carlos Bombal in Las Condes. [passage omitted]

Escobars Under House Arrest Pending Supreme Court Ruling

PY1507011693 Santiago Radio Cooperativa Network in Spanish 2300 GMT 14 Jul 93

[Report by Claudio Mendoza and Mario Contreras from a mobile unit]

[Text] The Supreme Court this afternoon suspended the expulsion of Nicolas Escobar Urquijo, nephew of Colombian drug kingpin Pablo Escobar Gaviria, and his family, who have been in Chile since the beginning of June. This decision was taken by the Supreme Court after one of Escobar's attorneys, Roberto Vergara, appealed to the Supreme Court against the Interior Ministry's expulsion decree. The Supreme Court has five days to rule on this appeal. Meanwhile, the proceedings against Escobar are suspended.

Let us point out that the Supreme Court also will have to rule on another appeal lodged by Escobar's attorney against the Santiago Court of Appeals ruling rejecting the protection injunction sought by Escobar.

Following the step taken by attorney Vergara, the government issued a resolution establishing that Nicolas Escobar Urquijo and his family be held under house arrest. This information was made public by Interior Ministry cabinet chief Rodrigo Asenjo, who said:

[Begin recording] The acting interior minister has issued Resolution No. 769 granting the petition filed by the Investigative Police director for determining a place so as to comply with the provisions of Articles 89 and 174 of the law on aliens. [end recording]

Asenjo added that the Escobars will stay under house arrest at their apartment located in the Providencia neighborhood until the Supreme Court rules on the appeal filed by Escobar's attorney.

Colombia

Ecopetrol Reports Guerrilla Attack on Pipeline

PA1607035193 Paris AFP in Spanish 0254 GMT 16 Jul 93

[Text] Santa Fe de Bogota, 15 Jul (AFP)—The Colombian Petroleum Enterprise [Ecopetrol] reported that on 15 July guerrillas carried out the second dynamite attack in less than 72 hours on the country's pipeline. The attack took place near Saravena, kilometer marker 56, on the pipeline that carries export crude from the Cano Limon wells in eastern Arauca Department to the Covenas terminal in the northeastern region of the country near the Caribbean Sea.

At least 2,000 barrels of crude were spilled, forcing the temporary suspension of pumping, Ecopetrol added. Two days ago another explosion attributed to the Army of National Liberation destroyed a stretch of the same pipeline near Arauquita, resulting in a loss of 5,000 barrels and paralyzing the transportation of hydrocarbons.

* De Greiff Details Accomplishments of Past Year

93SM0313A Santa Fe de Bogota EL TIEMPO in Spanish 13 Jun 93 p 3A

[Interview with Prosecutor General Gustavo de Greiff by Edgar Torres: "The War Has Not Yet Been Won"; place and date not given]

[Text] *Pablo Escobar could be sentenced to 60 years. There is evidence that elements of the police are protecting drug traffickers.*

In 17 days, Prosecutor General Gustavo de Greiff will have served a year as head of 1,000 civil servants involved in the nation's fight against crime.

What has he achieved? How does he view drug trafficking, Congress, the police, and the future of the Prosecutor General's Office? De Greiff answers these and other questions in this exclusive interview with EL TIEMPO.

[Torres] What is the most tangible accomplishment of the Prosecutor General's Office this first year?

[De Greiff] The files which the Prosecutor General's Office received on Pablo Escobar and his men at La Catedral contained no evidence. Based on what we had, it would not have been possible to take these men to trial. We did not even know the real structure of the organization.

The Prosecutor General's Office has singled out about 100 of those criminals and is beginning to define the legal situation of those implicated in the trials. This is the circumstance in the Galan case and others involving drug trafficking. At the present time, based on the evidence in our possession, I think Escobar could be sentenced to 60 years in prison, although that is a decision to be made by the judges. The Prosecutor General's Office has restored the prestige of and confidence in justice.

[Torres] Then how can one explain the fact that Pablo Escobar is not in custody? Is it a problem of inefficiency or corruption?

[De Greiff] I do not want to revive old controversies. For the sake of moving ahead on the charge of inefficiency, corruption, or fear, I should not like to see Escobar go free. I am not interested in controversy. I want everyone to be efficient. In the case of Escobar, it is essentially a matter of persevering. I do not know whether we will be successful in fighting drug trafficking. The war is not yet won. However, I would say that the Prosecutor General's Office will win the battles it wages.

[Torres] Then perhaps it was premature to hint at cases of corruption in the police or the Army?

[De Greiff] There was no need for the Prosecutor General's Office to say that. We take up countless cases daily, such as the one in which two officers murdered a Japanese citizen in order to steal a car. There are also proven cases in which the police and law enforcement officers have protected drug traffickers. There are countless trials in the preliminary investigation stage, and I cannot go into detail about them now, but this is something with which we are all familiar.

High officials have recognized and fought this. They do not deny that the problem of corruption is widespread.

[Torres] What about in Congress?

[De Greiff] There can be no democracy without Congress and this should keep public opinion and the press from generalizing. The Prosecutor General's Office was investigating a number of congressmen because of things that happened before they took office. These cases are now in the hands of the Supreme Court of Justice.

[Torres] Is that all?

[De Greiff] In some cases, there was evidence against a small number of congressmen. However, I repeat that just because a few may be corrupt does not mean they all are. The figure is not over 15 percent, which cannot be considered significant.

[Torres] What is happening at Itagui? Is it really another Catedral?

[De Greiff] I have information that a number of inmates were instructing their connections on the outside to continue making their drug shipments abroad. They should know that society is not stupid, and that we are investigating, determined that this will not happen, or that they will be punished if what the intelligence sources say is happening truly is.

[Torres] The debate about legalizing drugs has been revived once again. What is your opinion?

[De Greiff] I think it is a debate that cannot involve only Colombia. However, I do believe that different alternatives must be studied, not because I think the current solutions have failed, but because I think they have not gone far enough.

[Torres] What alternatives, for example?

[De Greiff] One of them is legalization, but basically, it is a matter of controlling consumption. As long as the industrialized societies' apparently uncontrollable appetite for drugs persists, the great evils which drug trafficking has caused will never cease.

[Torres] Once again, we have the conflict between institutions: the Council of State vs. the executive branch, the courts, and so on. Are you involved in that debate?

[De Greiff] I observe the confrontations between the different branches with concern and I think we should all make an effort to fulfill our constitutional obligation to cooperate harmoniously in order to achieve the social purposes of the state. Legal decisions can and must be discussed in the academy, but they must also be respected and obeyed by public officials.

[Torres] Has the Prosecutor General's Office made substantial progress in collecting evidence against the Cali Cartel?

[De Greiff] You speak of the Cali Cartel and I would tell you that there is no "Cali Cartel" as such, not in the sense of a centralized organization that dominates and controls drug trafficking in the valley. No such thing exists. A multitude of organizations coexist, some 60 to 100, supplying drugs for consumption, because the problem of drug trafficking is one of consumption.

In the Cauca Valley, they have unfortunately left fewer traces of their criminal activity. There is another factor: In Medellin, the citizens cooperated and we got results. In Cali, we have not enjoyed the same cooperation.

[Torres] Do you believe in the mass offer of surrender? On what terms?

[De Greiff] The attorneys for those groups continue to express their clients' desire to surrender and, more than surrender, halt their criminal activities. They have cooperated with law enforcement and constantly supplied information in order to break up the Medellin Cartel.

That is not enough, however. When a person has committed a crime, it is not enough for him to say he wants to stop. Within the framework of the Colombian legal system, it is not enough to tell them: "Fine! It is magnificent that you have stopped committing crimes! Now go home in peace and we will not bother you any more!"

The Prosecutor General's office does not make the laws. It enforces them and, under existing law, if they truly want to cease their criminal activity, they must wipe away the past, appeal to justice, and, if there is the possibility, take advantage of offers of reduced sentences by confessing and turning in others.

[Torres] Then how far can this process go?

[De Greiff] Speaking for myself personally and as prosecutor general, I want drug traffickers in the valley to turn themselves in. If it were true, as they claim, and it may well be, that this would result in a 60-percent reduction in drug trafficking originating in Colombia, that would be excellent. Furthermore, even if the figure were only 30 percent, it would still be excellent. One would have to be an idiot to say this would not be appropriate or good. However, the fact is that they must also obey the law.

[Torres] How should a vast police operation in the valley be interpreted at a precise time when the drug traffickers are preparing to surrender?

[De Greiff] It may be the desire of the government and, specifically, of the executive branch not to be accused of protecting or treating certain criminals better than others. I believe, however, that given the prospect of having large rings of criminals surrender, we should set a deadline. We cannot just stand by and wait for it to happen. That would be absurd. We must set a deadline.

The investigative work should continue, but engaging in large-scale operations in an indiscriminate manner is not justified. We must bring pressure to bear, but we must also do so with extreme care and while measuring the consequences. Above all, in my opinion, we must encourage the justice system to welcome them.

[Torres] The Constitutional Court shut the door on pardons and other benefits for cooperating with justice. What has been the concrete effect of this decision?

[De Greiff] I supported Order 264, but the Constitutional Court, for reasons that I respect and will naturally obey, considered that it could not grant a total pardon or other benefits. I believe, however, that Congress should analyze the ruling and reactivate those instruments because what has happened is that people have stopped coming to the Prosecutor General's Office willing to cooperate as witnesses or in order to supply evidence. House arrest, more reductions in sentences, and immediate release should be studied as ways of dealing with organized crime.

[Torres] A four-year sentence for an Ochoa is dealing with him?

[De Greiff] I will explain that from a different perspective. On the one hand, the crime of drug trafficking grew in Colombia precisely because of society's inability to stop it: inadequate legal instruments, the government's incompetence, the lack of political determination, and so on.

On the other hand, as Dr. Laureano Gomez has explained, the problem of penal codes in Colombia is that they have generally been drafted by defense attorneys, which explains their extreme lenience toward criminals. I have no doubt that this is a matter requiring immediate revision, but I wonder: Which is better: for five individuals to be taken prisoner while one goes free because he informed on the other five, or for six to go free because no one discovered them? Which is better: an Ochoa in prison and in the hands of the courts or an Ochoa still committing crimes at will? This is a great debate that society cannot avoid.

[Torres] The Prosecutor General's Office and the Attorney General's Office suggested a radical reorganization of the police and even the elimination of the rank of general. A commission is now suggesting controls. Is that enough?

[De Greiff] The problem of the police is a problem that can be solved only through laws. The human element is permanent. It is not simply that the phenomenon of low wages makes it impossible to have good people in the service. The military organization of the police clashes with the constitutional principle of the civil nature of the institution, and the Constitution has given the Prosecutor General's Office responsibility for supervising and coordinating the Judicial Police organizations: DIJIN [Judicial and Investigative Police Directorate], SIJIN, and so on.

That is why I was not happy with the result. I would have been even more radical. However, in a democratic society, the laws are the product of different opinions and interests and what emerged is acceptable. I believe in the institution of an independent inspector general. That is a victory for society and perhaps it was that or nothing.

[Torres] Is it not overly optimistic to believe that the Prosecutor General's Office has restored confidence in justice?

[De Greiff] I do not wish to gloat, but never before have so many people come forward. We are overwhelmed. On the whole, we are seeing results. I received 300,000 inactive cases. Today, there is progress on 200,000 of those cases involving ordinary citizens, and defense attorneys are finally beginning to encounter opposition.

[Torres] What is your angle on the fight against corruption?

[De Greiff] A great deal remains to be done in that area. We need training and legal instruments. We have an urgent need for specialization. Corruption is one of the plagues afflicting this country, but it is impossible to act when our officers do not even know how the stock exchange operates. We need accountants, finance experts, economists, and so on.

The other aspect is legal. Congress must study the matter of the burden of proof and establish benefits, not granting a corrupt official total pardon, but reducing his sentence in response to his effective cooperation with justice.

[Torres] What have been your happiest and most bitter moments?

[De Greiff] There have been many. The happy ones have been those in which we were able to put together and document evidence and determine innocence or responsibility.

The bitter moments come every time I see some lack of efficiency in the Prosecutor General's Office or in those law enforcement elements that should support it. The case of Envigado Prison is the worst and not just because of its outcome. It is a bitter pill to see the obscene way that crime has taken over at La Catedral and even find letters in which a woman offered her teenage virgin daughters to Pablo Escobar.

Ecuador

Duran-Ballen Says Country Not Returning to OPEC

PA1607043993 Quito Voz de los Andes in Spanish 2300 GMT 15 Jul 93

[Text] Ecuador does not plan to return to OPEC, from which it recently withdrew. Instead the country plans to support the strengthening of a regional organization. Interviewed in Brazil on 14 July, Ecuadoran President Sixto Duran-Ballen said Ecuador did not benefit from OPEC and that for the country to return to that organization it would have to cancel Ecuador's pending membership fees.

Duran-Ballen said: OPEC has not really brought us great benefits. An underdeveloped country like ours could not take advantage of the OPEC aid fund [because Ecuador was an OPEC member], but other countries with relatively greater development benefited from our contributions simply because they were not OPEC members.

Paraguay

Executive Branch Vetoes Bill on Financial Disclosure

PY1507221393 Asuncion ULTIMA HORA in Spanish 9 Jul 93 p 6

[Text] The Executive Branch on 9 July released Decree No. 22238 in which it "categorically rejects draft bill No. 196, which provides that the candidates for president and vice president of the Republic and departmental governors have to make a financial disclosure statement." This bill was passed on 22 June.

The decree also establishes that the bill must be returned to Congress in keeping with Article 209 of the Constitution.

The decree's long preamble states that approval of the draft bill would imply expanding and amending Articles 104 and 283, Section 6 of the Constitution. Article 104 clearly establishes that "public employees, including those holding elective posts; those from state, binational, autonomous, and decentralized institutions; and those who receive permanent official salaries, have to make a financial disclosure statement within 15 days after taking over and leaving their posts." Article 283 says the financial disclosure statement will have to be made at the National Comptroller General's Office." [no opening quotation marks as published]

The decree states that the constitutional requirement for a financial disclosure statement does not affect the candidates for president and vice president of the Republic and the departmental governors until they are elected and take the oath of office.

It adds that the Constitution guarantees the inviolability of personal and family privacy, respect for private life, and the inviolability of personal documents and private property. The only exception to these regulations is the duty provided for in Article 104. Therefore, the clauses of the disputed draft bill would violate constitutional guarantees and imply a new exception to the right of people's privacy that is guaranteed by the Constitution, which is the only instrument that can restrict said privacy.

The decree states that this draft bill goes against the principle of equality before the law by not including senators, deputies, members of departmental boards, mayors, and so forth in its provisions.

Editorial Notes 'Respect' for Rodriguez in Hemisphere

PY1507160493 Asuncion PATRIA in Spanish 15 Jul 93 p 6

[Editorial: "Valuable Testimonies"]

[Excerpt] Paraguayan President General Andres Rodriguez is attending the Third Ibero-American Summit officially starting today in Salvador, capital of Bahia State, Brazil. His presence at this event will be one of the most appreciated because he is one of the three chiefs of state who will attend such an important summit in his capacity as chief of state for the last time.

President Rodriguez enjoys the respect of his counterparts in the hemisphere. He also was congratulated by Spanish King Juan Carlos when he acted as host during the memorable visit by the king that will be remembered by the Paraguayan people for many years.

Not long ago, during the Mercosur [Common Market of the South] summit, the presidents of Argentina and Uruguay readily expressed their deep respect and that of the people of their countries for the Paraguayan president, who played an important role in the country's democratization process.

One of the most revealing facts of this recognition is precisely the opening of possibilities in the international arena that granted the Paraguayan Government new possibilities that were banned to it due to its constant punishment for its authoritarian government. President Rodriguez, with the February coup and mainly because he kept his word to speed up the transition toward democracy, has conquered the world. [passage omitted]

Air Force To Carry Out 'Shooting' Exercises 15 Jul

PY1507150493 Asuncion ULTIMA HORA in Spanish 14 Jul 93 p 12

[Text] The Air Force Public Relations Office informs the population that between 1800 and 2300 on 15 July military exercises will take place at the Air Force command in Nu Guazu. The exercises will consist of shooting blanks and other maneuvers that are normally carried out in the Air Force.

This exercise is the conclusion of the security course for Air Force bases and installations carried out by Air Force cadets. The exercises will be carried out by officers, noncommissioned officers, and troops. The communique has been released in order not to alarm nearby residents because they are only routine exercises. The communique also states that this kind of practice does not imply any consequences, either to those men who participate in the exercise or those people who live nearby.

We must recall that the exercises carried out by the Air Force officers are carried out by all the Armed Forces branches. These exercises are meant to test weapons and to control the degree of instruction of the troops.

Normally, these exercises are carried out at night or early in the morning in order not to disturb the population.

Venezuela

Planning Minister on Need To Approve Special Powers Act

PA1607133593 Caracas Venezolana de Television Network in Spanish 2350 GMT 15 Jul 93

[Report by Cecilia Pachano from Miraflores Palace]

[Text] The approval of the Special Powers Act will improve Venezuelan finances in the short term.

The Cordiplan [Coordination and Planning] minister met with reporters to explain how the 1994 budget was balanced with special revenues income for the most part. He said that from 1974 to 1992, the value of oil exports was reduced from $1,700 to $400 per capita—one fourth of what it was previously. He added that this does not take into consideration the fact that in 1974 the Venezuelan public sector did not have an external debt.

The minister explained that the fact of not obtaining special revenues, namely going into further debt, has been an important reason for the deficit faced by the Treasurer's Office. Hence, he continued, this is why it is important to approve the Special Powers Act.

[Begin Cordiplan Minister Hernan Anzola speaking, in progress] ....the upcoming approval of the Special Powers Act represents two elements that should give us an optimistic view of the country's future. They both contribute to the normalization of the country's economic life, as we move towards 1994, when the tax we will collect by virtue of the aforesaid instruments will be part of the national budget. [end recording]

The decree creating sector cabinets was also approved. There will now be three sector cabinets, namely the Economic, Social Affairs, and Political Cabinets. The creation of the Council of the Federation, an entity which will replace the governor's conventions and will be presided over by the head of state, was also approved.

[Begin Julian Villalba, Venezuelan Investment Fund president, recording] The important thing is that I have been tasked with taking steps before Congress to include the reform of Article 3 of the Law on Aeropostal within the Special Powers Act to permit the privatization of that company. [end recording]

Additionally, Julian Villalba, president of the Venezuelan Investment Fund, reported that the executive is determined to privatize the Caracas Poliedro Coliseum.

* Comptrollers Office Presents Report on 1992 Work

93SM0320D Caracas EL DIARIO DE CARACAS in Spanish 10 Jun 93 p 26

[Article by Iraima Gomez Ramirez]

[Text] Although the annual report of the Comptroller General of the Republic does not record any administrative irregularities in the public finances that amount to "crimes on a major scale," in the Recadi [National Preferential Exchange Office] case it was determined that there were indications of illegal enrichment on the part of six former government officials, while 34 government officials were declared responsible for administrative irregularities. Two dossiers concerning the case were forwarded to the Office of the Public Prosecutor for civil and criminal court actions.

In compliance with a constitutional directive, Jose Ramon Medina, comptroller general of the Republic, presented for the consideration of the National Congress the report covering the activities carried out by his office during 1992.

In the opinion of Comptroller Jose Ramon Medina, no instances of corruption in the public administration were established, but rather a number of irregularities and confusion. "This is a phenomenon that has been occurring repeatedly for a long time," he said, "and despite the work being done by the comptroller's office in its role as auditor of the public finances, it has been impossible to completely eliminate the series of administrative irregularities that have occurred in the management of the public finances of the nation."

The Recadi Case

Concerning the National Preferential Exchange Office—commonly known as Recadi—Comptroller Medina stated that a detailed investigation had been made and that the final report is now being prepared, which he anticipates will be completed during the second half of 1993.

The report of the activity of the comptroller's office, however, cites the most important aspects of the Recadi case, with the aim of giving an idea of the magnitude of the case.

The report presents an analysis of 11,596 dossiers corresponding to 1,206 firms that requested a total of 4,049,863,934.33 preferential dollars to cover import permits, authorizations for the withdrawal of foreign exchange, and authorized public funds.

Also audited were a total of 944 importing firms that had profited to the extent of 954,485,500.63 preferential dollars at preferential exchange rates of 7.50 and 14.50 bolivares per dollar.

A total of 6,398 files for partial shipments corresponding to 2,763 import permits totaling 2,082,104,759.35 [preferential dollars] were audited, of which the Central Bank of Venezuela approved 1,811,271,307.05 [preferential dollars].

"An analysis was made of the transfers of foreign exchange granted by the Central Bank of Venezuela to pay for imports, which entailed the auditing of 6,227 files," the report says.

As for the officials involved in the irregular activity carried out through the medium of Recadi, the report establishes that 34 officials were responsible, all of whom were associated with the administration of the Preferential Exchange System in the Ministry of Finance and in the Central Bank of Venezuela. Fines were levied against these officials in accordance with the provisions of Article 33 of the Organic Law for the Protection of the Public Assets.

To date there are indications that six former officials are guilty of illegal enrichment, and the completed dossiers were forwarded to the Attorney General of the Republic.

Two dossiers were also forwarded to the Office of the Public Prosecutor relating to duly substantiated results of administrative investigations, for civil and criminal court actions.

Certified copies of four dossiers were also forwarded to Criminal and Security Courts at the request of said courts, so that the appropriate criminal actions can be instituted.

Principal Activities

Of the principal investigations and analyses carried out during 1992 by the comptroller, the most important was the processing of 50 dossiers concerning administrative investigations of 126 Venezuelan citizens. Eight dossiers were sent to the Office of the Attorney General of the Republic, 1,254 persons were fined for noncompliance with the Security Law, and 93 fines were levied on mayors, municipal comptrollers, and municipal and state officials.

Irregular Decentralization

In the opinion of the Comptroller General of the Republic, the most significant aspect of the illegal actions occurred in connection with the decentralization of government and resulted from the lack of appropriate training in the art of management, both from the standpoint of the states—including the legislative assemblies—and that of the municipal governments.

"The truth is," Medina said, "that there is no adequate training for the management of the funds that are provided by the central government in the form of basic investment."

He said that the fundamental problem is the lack of knowledge of managerial techniques. He explained that "it is not because someone has made fraud a vocation, but simply because there is indiscriminate use of the items in the respective budgets."

* Japanese Ambassador Describes Investments

93SM0320C Caracas EL UNIVERSAL in Spanish Section 2, 9 Jun 93 p 10

[Article by C.R. Chavez]

[Text] Speaking to the Pro-Venezuela Association during an important meeting held recently at that institution, the Japanese ambassador to Venezuela, His Excellency Jutaro Sakamoto, acknowledged the progress achieved in respect to Venezuela's political and economic development as well as relations between Japan and our country. He emphasized the financial contribution that his country has made to the Venezuelan economy in terms of the purchase of industrial products, direct investment, and—of course—the granting of liberal lines of credit for a series of projects.

Economic Relations

"In discussing this point," Ambassador Sakamoto said, "I would like to begin by reporting to you that Japanese investment in Venezuela has increased extraordinarily in recent years. Japan's total investment in Venezuela in the period between 1 April 1988 and 31 March 1992—that is to say, Japan's last four fiscal years—was $305 million, an amount that is more than twice the cumulative investment for the 37-year period from 1951 to 1987.

"Moreover, according to the Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] report, in 1992 Japanese investment totaled approximately $181 million, which—insofar as can be determined—accounts for 22.3 percent of all foreign investment in Venezuela and occupies second place, right behind the United States.

"With respect to the prospects for Japanese investment, if I were to say that the current political situation in Venezuela (as of 30 May—editor's note) does not affect Japanese investment in any way, it would be a lie. I am sure that over the long term, however, Japanese investment will continue to increase, inasmuch as that is the opinion of our businessmen. According to the magazine OIL & GAS JOURNAL, in 110 years—that is to say, at the beginning of the 22d century—only six countries will still be able to produce oil, one of which will be Venezuela, the only one of the six that is not a Middle Eastern country. Viewed from this standpoint, Venezuela will continue to attract Japanese investors; and according to polls recently taken by JETRO—the Japan Foreign Trade Promotion Organization—Japanese businessmen in Venezuela are of the same opinion.

Major Financing

"The Japan Eximbank [Export-Import Bank]," Ambassador Sakamoto continued, "has also been very active in financing various types of activities in Venezuela—financing which from 1987 to today has totaled approximately $1.9 billion. In 1991 this banking institution offered the Venezuelan Government a direct loan of $600 million to support the reform of the Venezuelan economic structure. In March of this year it also granted—for the first time—a loan to PDVSA [Venezuelan Petroleum, Inc.], in the amount of $60 million.

"With respect to trade between the two countries, Japan imported $450 million worth of Venezuelan products in 1992. The 1992 trade balance did show a trade surplus in Japan's favor, but it should be realized that in 1981 [as published] Japan imported $900 million worth of products, and the fact is that there were other years in which Venezuela recorded a surplus in its balance of trade with Japan.

"If we look at the present composition of Venezuelan exports, we see that Japan is one of the importers of Venezuela's traditional products. In 1991 Japan imported 12 percent of the total of Venezuela's nontraditional products, and there was also a period in which Japan imported 14 percent of the total. Japan is the largest importer of aluminum from Venezuela, buying 55 percent of Venezuelan crude aluminum destined for export—a figure that represents 10 percent of all purchases of aluminum made by Japan throughout the world. Moreover, in addition to aluminum, Venezuela is exporting products derived from petroleum; iron; crocodile skins; cacao; sesame oil; and others.

"I would also like to emphasize," he added, "the export of orimulsion [Orinoco bituminous emulsion], which in Japan we use as fuel for electric power plants. As we know, orimulsion will be one of Venezuela's principal products in the 21st century, inasmuch as the bitumen reserves in the Orinoco region are greater than those of Saudi Arabia.

"At the present time two Japanese power plants are importing an approximate volume of 550,000 tons of orimulsion [per year]. The Hokkaido electric power company also plans to import orimulsion, and other electric power companies in Japan are also contemplating its importation.

"I would also like to mention that since December 1992 the Sivensa company of Venezuela has been exporting automobile parts to the Toyota company of Japan for a value of $1 million per year. In other words, Japan is now interested not only in natural resources but also in manufactured products.

"Motor vehicles accounted for 46.5 percent of Japan's exports to Venezuela in 1992. This percentage of motor vehicles imported from Japan accounted for approximately 40 percent of all sales of motor vehicles in Venezuela during 1992. In particular, more than 50 percent of all passenger automobiles sold in Venezuela that year were of Japanese manufacture."

At that point in his presentation, Ambassador Sakamoto decided to speak about "some of the large-scale Venezuelan projects in which Japanese companies are participating."

"The first such project," he said, "is the Cristobal Colon Project for the exploitation and production of liquefied natural gas. The Mitsubishi company, together with other petroleum companies, are participating in the project. Plans call for the creation of a special company this fall to carry out the project, if it is approved by the Venezuelan Congress. As ambassador of Japan, I hope this project will be approved as soon as possible; it will definitely contribute toward increasing Venezuela's exports.

"The second project is the Project for the Exploitation of Methanol, in which Mitsubishi and Pequiven [Petrochemical Company of Venezuela, Inc.] are participating. Construction of a new plant is scheduled for February of next year.

"The third project is the Project for Reactivation of Inactive Oil Fields, in which the Japanese Teikoku Oil Company is participating. It was begun last January, and 2,000 barrels per day are being produced. Plans also call for a second round of bidding this year, in which Japanese companies will probably participate.

"In the iron and steel sector, Kobe Steel—together with other Japanese companies—is cooperating with the CVG [Venezuelan Corporation of Guayana] in the reconstruction of an iron and steel plant that was built by a U.S. company and then suspended operations in 1990. It is currently producing 930,000 tons of iron per year, exporting much of it to the United States, Europe, and Egypt. In the petrochemicals field, the Mitsui company is participating in a project for the production of polyethylene and polypropylene in a joint venture with Pequiven.

"Kobe Steel and Marubeni are also building a plant for the production of pellas [meaning unknown], which will produce approximately 3.3 million tons per year."

* Benefits of Economic Cooperation Program Explained

93SM0320A Caracas EL NACIONAL in Spanish Economy Section 6 Jun 93 p 4

[Article by Adriana Cortes]

[Text] However paradoxical it may seem, one of the few bulwarks still standing of the "Saudi Venezuela" of fond memory is the much criticized International Financial Cooperation [CFI] program, by means of which Venezuela recovered $103 million—and 374 million bolivares—in direct revenues during the first quarter of this year. These revenues represented payments on loans previously granted, according to the most recent figures used by the Venezuelan Investment Fund (FIV), the agency responsible for the controversial program.

The program has various objectives of a geopolitical character but has been criticized from the strictly economic standpoint, although it also has its defenders. Those who oppose the program argue that it is unacceptable for a country itself so greatly in need of funds—now that the era of prosperity has ended—to continue granting loans on easy terms to countries of Central America and the Caribbean. The program's defenders believe this is the best way to ensure a market of 34 million people for Venezuelan exports, although an honest assessment requires that the limited purchasing power of these markets be taken into account.

Statistics—which are usually the most objective indicators of the condition of an economy—show that in the same quarter for which revenues were cited above, expenditures in the form of money paid out totaled $20 million—and 3 million bolivares—with the result that Venezuela had a positive balance in the flow of funds for that quarter.

Of the total revenues, interest paid by the debtors accounted for $35.6 million and 163 million bolivares, while amortization of principal accounted for $66 million and 211 million bolivares respectively.

It should be recalled that the International Financial Cooperation program (CFI) dates back to 1974 and includes seven different loan agreements of which the best known is the San Jose accord, under whose terms credit was granted to Caribbean and Central American countries for the purchase of petroleum. The CFI operates with Venezuelan as well as U.S. currency, depending on the loan being granted: hence the distinction between bolivares and dollars. In this way, the fourth largest debtor in Latin America is also a creditor to smaller countries.

Another point that must be emphasized before analyzing the different agreements separately is the change that was made in the program in the mid-1980's, at which time these various international loans were made conditional on their utilization—in a proportion of no less than 60 percent—for the purchase of goods and services of Venezuelan origin. The first loans made in bolivares also date back to that period; their purpose was to avoid losses in foreign exchange.

During the existence of the FIV, loans totaling $2.397 billion and 6.838 billion bolivares have been granted; payments on principal totaling $1,255 billion and 5.042 billion bolivares have been made; and interest totaling $1.322 billion and 4.095 billion bolivares has been paid, yielding an average annual return of 5.5 percent

Arrears and Exports

At the financial level, and despite being an international aid program, these loans are made at fixed interest rates that under the terms of the agreement have varied between 6 and 8 percent—in accordance with the international market rates—plus a 1 percent late charge. The terms have been made as liberal as possible, averaging 25 years with a five-year grace period.

Concerning the specific aspect of delayed payments, only 4 percent of the entire portfolio of 90-day loans—which represent primarily the loans granted to Panama and Peru—are in arrears. Moreover, this portfolio has remained stable with a tendency to decrease, totaling 3.572 billion bolivares and $1.208 billion in 1984 compared to 3.977 billion bolivares and $952 million as of the end of the first quarter of 1993.

Leaving to one side the agreements of San Jose and Puerto Ordaz, which concerned petroleum, an analysis should be made of the special funds, agreements, and lines of credit, 60 percent of whose proceeds return to Venezuela in the form of purchases of nontraditional Venezuelan products and have benefited 46 Venezuelan enterprises such as Autogago, Inelectra, Tecnoconsult, and Sidor [Orinoco Iron and Steelworks], to cite only a few:

1. Trust funds—managed by the Interamerican Development Bank (IDB), the Caribbean Development Bank (BDC), and the Central American Bank of Economic Integration (BCIE)—to be used for renewable projects, hydroelectric projects, and projects for promoting economic integration and exports.

2. The Export Financing Fund (Finexpo), whose function is to provide sufficient funds to enable the FIV to broaden the export program.

3. A special fund for the Caribbean, to provide financial assistance to the Caribbean countries and increase Venezuela's revenues.

4. A program for Guyana, with the same objectives as those stated above.

5. A fund to provide for the operations of Extebandes [expansion not given].

6. Lines of credit at the Andean Development Corporation (CAF).

The funds established in multilateral organizations often return in the form of separate loans to Venezuela. This reflects the fact that because of our country's dual financial condition, flexible terms are sometimes granted to Venezuela—to the point that IDB President Enrique Iglesias several months ago declared that the IDB is indebted to Venezuela for the assistance our country provided during its bonanza years. Iglesias anticipates that loans totaling $1.5 billion will be granted this year and next.

Energy Aspect

The economic cooperation programs (and primarily the San Jose program) are for the purpose of financing 50 percent of the balance of payments—with an equal amount being used to finance specific programs—using 20 percent of the proceeds from petroleum sales. These funds are supplied in equal parts by Mexico and Venezuela up to a total of 160,000 barrels per day.

In 1992, 22.41 million barrels were sold to Central America and the Caribbean under this program, for a total of $458.5 million at an average price of $20.46 per barrel. The market in these areas accounts for 10 percent of the total exports of petroleum products.

A total of 127 projects in nine different countries have been financed (97 loans)—or are being financed (30 loans)—on the basis of these agreements.

One should also take into account the fact that the agreement represents an important comparative advantage vis-a-vis other petroleum producers in the region such as Colombia, Ecuador, and Trinidad, given the fact that the prices set by OPEC cannot be reduced.

Economic Cooperation Agreements: Distribution of Deposits by Individual Country as of 30 December 1991 (In Percentages) (Credit Facilities for Petroleum)

Dominican Republic, 18.7; Costa Rica, 12.4; Nicaragua, 8.4; El Salvador, 12.5; Barbados, 0.8; Jamaica, 12.4; Panama, 11.6; Guatemala, 13.8; Honduras, 9.3.

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* Agriculture Minister on Financing, Marketing Problems

93SM0320B Caracas EL NACIONAL in Spanish 7 Jun 93 p D2

[Article by Werther Sandoval]

[Text] "My contacts with agricultural and livestock circles enable me to have a real understanding of the problems of their sector. For that reason, I believe it would be worthwhile to compare my impressions with the reality that may emerge from the studies made by the experts of the Ministry of Agriculture and Livestock [MAC] that are intended to rescue the patient named Agriculture from the intensive therapy in which he finds himself today."

These are the words of Hiram Gaviria, the recently appointed agriculture and livestock minister, who believes that the nation's food situation is faced with problems whose solution cannot be postponed, such as financing—which is today stymied by the high interest rates—and the shortage of money.

By way of example, Gaviria points out that banks are obligated to invest 12 percent of their portfolios in the agricultural sector, but that this provision has been fulfilled to the saturation point. To this he adds the problem of refinancing, which particularly affects growers of short-cycle crops such as the cereal grains, the 1992-1993 winter harvest, which was poor, leaving the farmers in debt and unable to honor their commitments.

"This is an urgent problem," Gaviria says, "that affects farmers and also agroindustry, which is faced with serious financial obstacles in connection with acquiring and paying for the crops."

The Executive Branch recently made available an alternative means of financing by instructing the BCV [Central Bank of Venezuela] to release 5 billion bolivares from its reserves, while the banks provided an additional 12.5 billion bolivares—measures that will merely serve to attenuate the situation.

The need for financing in the agricultural sector during 1992, however, actually amounted to approximately 120 billion bolivares, while this year—for cereal grains, rice, corn, and sorghum alone—the amount required comes to 50 billion bolivares. This figure is increased when you add the financing needed by agroindustry to acquire the crops, not to mention the need for funds in sectors such as poultry, eggs, and hogs.

In Gaviria's opinion, this proves that the measure in question is inadequate; but he also believes that it should not be permanent, on grounds that its linkage to problems of monetary liquidity and its effect on inflation must be taken into account.

"Other solutions have been suggested," he says, "such as taking advantage of the prevailing low rates of interest in order to obtain financing abroad. This would entail contracting debt—in foreign exchange—for very specific programs in the agricultural sector, and developing mechanisms whereby the private sector and the state can intervene to avoid the risk inherent in foreign exchange transactions."

"What would be the immediate solutions?" I asked him.

"An emergency meeting must be called," Gaviria said, "that would have the participation of the Banking Council, agroindustry, and the growers, in an effort to find possible solutions. Financing is the oxygen needed by this patient, who is in intensive care in a state of shock [preceding word in English]."

To these problems Gaviria adds certain sectorial problems. The vegetable-growing sector functions in the winter cycle, and must plant its crops. Last year, however, production in this category declined. In 1991, more than 1 million tons of corn was produced; more than 600,000 tons of sorghum; and more than 600,000 tons of rice. In 1992, however, production was down by more than 20 percent. Only 800,000 tons of corn was produced—a decline that made it necessary to import corn for the first time in 10 years.

Based on the figures for fertilizer sales (which were down from last year), seed sales, and the volume of bank-loan applications, it is anticipated that the production of corn could drop below the dangerous limit of 600,000 tons, with an equally dramatic outlook for sorghum and rice—categories that are dependent on rainfall in a country where irrigation is largely dependent on the weather.

"We have to do something to save the nation's crops," Gaviria said. "We cannot work miracles. It is irresponsible to think that by changing one person in the MAC you can reverse the trend. We must call attention to the problem and intervene, so that the people can make decisions."

An Attractive Deal

One of Gaviria's priorities is to give the farmers confidence. In this connection he emphasizes that you must say to the farmers: "We are going to make an effort—in conjunction with agroindustry and the banks—to get you paid for your crops, and to let you know that commitments will not be flouted. What happened in the past must not happen again, namely, the farmers would obtain some money, buy seed, sow the seed, harvest the crop, and then September would come and they would discover that there was no one to sell their crop to."

"How do you intend to achieve a climate of confidence?" I asked.

"Agroindustry should realize that the best plan is to obtain its raw materials in Venezuela," he said, "because I do not know anyone—however humble—who has his pantry in his neighbor's house. That would be irresponsible."

Gaviria emphasizes that one of the principal forms of aid that can be provided to domestic industry—other than a solution to the problem of financing—is assurance that the raw materials of good quality that it needs are available within Venezuela's boundaries at reasonable prices.

"I recall," he said, "that at the outset of the CAP [Carlos Andres Perez] administration we warned the authorities of the naive character of the economic opening that was being initiated: a move that exposed us to a heavily subsidized international market that has little openness and in which a number of agricultural commodities [preceding word in English]—sugar, cereal grains, vegetable oils, and animal proteins (meat, poultry, milk, and eggs)—are subsidized."

"We were living an illusion," he explained, "in which we believed that imported products were cheaper and that they translated into low prices for the consumer. Nothing of the sort has occurred, however. Food prices continue to rise, with serious damage to the productive sectors of the economy.."

In 1992, Venezuela's food imports totaled $1.243 billion, accounting for $1 of every $10 spent on food—a proportion that may have been even larger because of food that was resold. This produced a deficit in the agricultural balance of trade of more than $900 million. It is, Gaviria said, "a way to create jobs abroad when we could have created them in Venezuela."

He believes that in the present situation our economic and agricultural priority is the domestic market, where a traditional agriculture exists that is faced with the challenge of preventing $900 million from leaving the country every year as payment for products that can be produced here.

The strategy involves reaching agreement as to which are the essential categories—a determination that he believes is not at all difficult to make. The world's food supply is based on a small number of food items—cereal grains, corn, rice, sorghum, animal proteins (milk, poultry, beef, pork, and eggs), vegetable oils, and produce.

"How can this be done?" I asked him, "without resorting to unjustifiable protectionism that would result in decreased production and a deterioration in quality?"

"This can be done," Gaviria replied, "without resorting to excessive intervention or to subsidies. We are aware of our fiscal limitations and the fact that world markets are tending to open up and to integrate. We must attempt, however, to achieve self-sufficiency for our country in a limited but important number of strategic categories—such as cereal grains, sugar, milk, beef, poultry, pork, vegetable oils, and cotton—by following a policy of defense and protection that requires constant improvement in yields and quality. We shall then introduce our products onto the world markets gradually, not overnight as previously."

A Secure Food Supply

He said his research indicated that just as there is an official policy on national security there should also be an official policy on the nation's food supply, because not only is food production the most important category of all production but many states such as Portuguesa, Guarico, Zulia, and Monagas make their living from agriculture.

"Whereas in 1992 Zulia's basic investment was 17 billion bolivares," Gaviria said, "in the category of milk production alone 1 billion liters was produced, which at the price of 19 bolivares [per liter] yielded 19 billion bolivares—substantially more than the investment. Some people wonder why something should be produced in Venezuela when it is easier to import it. That is what some people think, but I do not regard our country as a supermarket."

He reveals that the ambassador of Japan—which has a population of 125 million living in an area one-quarter the size of Venezuela—declared that although his country has a surplus sufficient to enable it to import all of its food, it must grow rice because watches and computer clones are not edible.

Another of the urgent problems that the agriculture and livestock minister has to solve is that of milk, the production of which is declining along with its consumption. He said that in 1992 the nation consumed 80 liters per year per resident—compared to more than 125 liters in the 1980's—and added that one-third of the consumption in 1992 is ascribable to the social programs.

Gaviria said one of the causes of the decline in milk production and consumption was the introduction in 1989 of zebu cattle—which are resistant to adverse conditions but produce less—to the detriment of the Perijanero hybrid cattle, which are more productive but also more expensive to maintain. Moreover, the national herd is increasing at a rate of 1.2 percent per year compared to a population growth of 2.5 percent.

Another element in the current situation, he explained, is the fact that the previous CAP administration had promised the dairymen an increase of 2.5 bolivares now plus one bolivar in September.

"The milk producers were promised an increase of 2.5 bolivares now and an additional one bolivar in September," he said, "and this commitment must be honored. I want to tell them that we are going to fulfill this commitment. We guarantee that they will receive the increases. I also want to tell them that we will not take any measures that would involve lowering the price or failing to honor the commitments that were made."

"It appears to be a vicious circle," I said, "inasmuch as another price increase would entail a rise in the price to the consumer and less consumption of milk."

"We gain nothing by increasing production if the increased production is not consumed," Gaviria replied. "There must be an increase in real wages and in jobs, and in this connection agriculture plays an important role, because every 20 hectares planted to cereal grains directly creates one job."

"But the opening up of our economy," I said, "which allowed the inflow of many products, is at the center of this problem."

"We undertook an economic opening without receiving any compensation in return," Gaviria answered. "We signed agreements behind the backs of the farmers and agroindustry, such as the one signed with the Caribbean countries, which export to our country almost duty-free although we are unable to do the same. Economic integration and trade should be bilateral. For example, in Colombia they have just increased tariffs. They have returned to this dogmatic and antinational [as published] policy. What is needed is a tariff policy that provides hygienic protection."

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* Money Laundering Operation in Zulia Investigated

93WD0671Z Caracas EL DIARIO DE CARACAS in Spanish 9 Jun 93 p 56

[Article by Francisco Olivares]

[Text] The security forces estimate that three organizations of Arab origin operating between Maicao, in Colombia, and Zulia State are dealing with nearly $5 billion in their international operations, and have moved $700 million through Venezuela illegally. EL DIARIO DE CARACAS was informed that in mid-March of this year, the National Guard's [GN] counternarcotics services, collaborating with other international forces, detected an irregular trafficking in cash from Maicao to Zulia. The money was being moved on armored trucks belonging to a well-known securities transportation company. It was later deposited in two Venezuelan banking institutions, exchanged for dollars, and transferred to various accounts in Panama and the United States.

After the information was made public, on 18 May, the National Guard conducted an operation on the Venezuelan-Colombian border in which one of these carriers containing 47 million bolivares, originating in Maicao, was seized.

The Investigations

Based on the course taken by the investigations, the amount of money that has crossed the border and been deposited in the Venezuelan banking system appears to be of such magnitude that it could not be considered merely proceeds from the ordinary trade occurring in Maicao as a result of the flow of Venezuelans to that border town.

According to the available records, it has been proven thus far that the three Arab groups combined have brought approximately $700 million to Venezuela, an amount equivalent to $61 billion bolivares at the current exchange rate. Although the investigations and the tracking of these operations took place eight months ago, there are two features that are keys to an understanding of the total situation and the presumed crime committed by these organizations. One is the origin of that money, and the other, its destination; Venezuela has been used only as a bridge, through recourse to its financial system. Although the organizations that have benefited from those transfers are not definitely known, it was learned that the FBI and DEA [Drug Enforcement Administration] are working on the case investigation, which is connected with operation "Green Ice." The latter has been implemented by the United States and certain Latin American countries to combat the legitimizing of capital originating in the drug traffic.

Legal Facade

It has been determined that both those groups' companies registered in Maicao, Maracaibo, and Margarita, and those at the destination points, in Panama and the United States, have legal facades. They have been proven to have committed violations of commercial and customs' laws.

In the first place, it should be explained that funds in cash are considered a tax-free commodity, but have a one percent tax. Thus, in this case, an accusation has been made of contraband by entry, classified in the Organic Customs Law, Article 102. This crime would not only be charged against those companies, but would also entail an investigation of customs' officials in the region.

Moreover, any egress of banknotes must have permission from the Central Bank of Venezuela. An analysis is being made of the transfers by that institution, at the request of the security agencies. We might wonder: Why does that agency not report regularly when suspected operations, such as those discovered in Zulia, that have been carried out for several years, are detected? Billing has been found in the companies run by those groups for large volumes of goods, with prices lower than those on the market. This would imply a device used for paying lower taxes, or still another means of "money laundering."

Finally, we should discuss the crime of "money laundering," or the legitimizing of capital originating in crime. This is classified in Article 69 of the Law on Narcotic and Psychotropic Substances.

Contrary to what is often published, this crime has been classified in Venezuela, although that classification could be flawed.

In the view of a specialist on this subject, Elba Torres Graterol, the goal of that crime is precisely to conceal the origin of those funds, so as to finance and organize future drug trafficking operations, or to invest in new infrastructure for a base of operations for other activities. According to this law, criminal penalties are imposed on anyone who, by himself, or through an intermediary, does business, participates in any way, or profits financially from the proceeds of the illicit marketing of narcotic substances or their raw materials.

Organizations Dismantled

The efforts expended by the Venezuelan forces battling drugs, particularly the GN's Drug Division, have been aimed at dismantling large organizations.

As a result, although the number of arrests made by the GN has remained stable since 1988 (see chart), the majority of the arrests since 1990 have been of individuals linked with major drug cartels. They have not involved so many of the so-called "mules," who are captured by chance at airports and sales tax stations.

The intelligence work carried out in cooperation with international agencies has made it possible to reach important organizations. This case involving the Arab connection in Maicao could be associated with a major international network. Mention should be made of cases involving other organizations recently dismantled, such as the so-called "Conar" organization headed by Jairo Echeverria. That drug trafficking organization was operating between Venezuela and the United States, the Netherlands, and Great Britain. Much of the money accrued was being used for investment in infrastructure in Venezuela.

Although the Venezuelan financial system has been used as a bridge for transferring legitimized capital to other countries, the criminal organizations allocate large sums for investment in infrastructures that will enable them to conduct other operations. "Conar" had three aluminum export centers, offices, and three import companies in Aragua, which were carrying products purchased with money from drug sales, and later converted into commodities. The Venezuelan, Ciril Boyer, who belonged to this organization attained a high position in the Cali Cartel, and developed a large infrastructure in Venezuela.

That organization also had an airline in Caicara del Orinoco, with 11 planes, as well as hangars and storehouses, four farms in Urena, and two in Guarico, with underground containers for storing 10 tons of drugs. Its members had travel agencies through which the organization's "capos" traveled using different identities. They had land transport firms with branches in several major cities. There was a mineral water sales firm providing access for the purchase of chemicals, which were being taken to Colombian laboratories in El Vichada.

Currently under investigation are three major organizations linked with the drug traffic that have large investments in Venezuela. There could be surprises at any time.

Arrests by the National Guard (for Drug Traffic Involvement); Scale: 0-700

	1986	1987	1988	1989	1990	1991	1992	1993 (28 May)
Venezuelans	488	460	603	500	511	638	593	291
Foreigners	95	94	138	188	264	245	179	89

Totals: Venezuelans: 4,072; Foreigners: 1,272; Grand Total: 5,344

During recent years the majority of those arrested have been members of international organizations.

Annual Comparison of Cocaine Seizures (in GN Operations); Scale: 0-14,000 (thousands of kg)

	1986	1987	1988	1989	1990	1991	1992	1993 (29 May)
Totals	0.254	0.542	0.517	2,293	3,171	11,981	12,681	0.22
Venezuela					5,868	3,064		
Other countries					6,118	9,617		

The volume seized has risen in recent years because of the presence of large organizations in Venezuela.

* Chavez Frias Interviewed on Armed Forces' Role in Crisis

93SM0324A Caracas EL NACIONAL in Spanish 14 Jun 93 p D4

[Interview of Comandante Hugo Chavez Frias, by Jose Vicente Rangel at Yare Prison; date not given; first two paragraphs are EL NACIONAL editorial introduction]

[Text] We present the following interview of Comandante Chavez Frias by Jose Vicente Rangel, a journalist who visited him at Yare Penitentiary. Reportedly, the interview will be carried on his program, "Jose Vicente Today," which was previously prevented from being shown by Francisco Alvarado Pinto, chairman of the Permanent Council of War in Caracas.

In the studios of Televen [Venezuelan Television Service] where this Sunday program was recorded, several of us journalists were able to see the interview, which had already been censored.

[Rangel] What do you think of the present political situation in Venezuela?

[Chavez Frias] Let us look at the situation in an overall way. We are faced with a growing conflict. At this point I recall the definition which I used during the interview I gave in 1992, quoting from a phrase of Antonio Branchi [sic], regarding what this crisis is: "The old, which has not yet died, and the new, which has not yet been fully born." We Venezuelans are living through that terrible drama. However, with every day which passes we are coming closer to the point where history will be made. That is, the birth of the fatherland, the birth of the new and, of course, the burial of the old. Every day we are moving closer to that historic moment.

[Rangel] Could you illustrate what you mean in some way?

[Chavez Frias] To give you a clear example, take the case of paratroopers. When we begin a jump, we reach what the pilots call "the point of no return," that is, the point where a soldier has no other choice than to jump. He cannot go back. That is where we are in Venezuela now. It is said, here and there, that the system is taking a deep breath and that it is accommodating itself to the situation. But that is just sophistry.

[Rangel] How would you call this crisis?

[Chavez Frias] The crisis is structural and, therefore, requires structural solutions. Well, now, adjusting our focus to the specific situation of the moment, I would like to support here and now the position of the Bolivarian Revolutionary Movement 200, made public about two weeks ago, that we are profoundly convinced of this. [President] Carlos Andres Perez is no longer of any value to the dominant groups in the country, and they have abandoned ship, as it were, so that they would not sink with him. So that they would not fall into the chasm which history has prepared for CAP [Carlos Andres Perez]. It is a good idea not to lose sight of the meaning of this development in today's Venezuela. It is good for the Venezuelan people to realize the extensive manipulation of events now taking place, because the top leaders of the political parties are looking for an elitist consensus to continue governing from Miraflores Palace with the already embalmed body of CAP.

[Rangel] What should the people do now?

[Chavez Frias] The Venezuelan people should be alert and should now call for basic changes. The dominant groups and the political leaders are so afraid of the participation of the people that I believe they have already lost even their instinct of self preservation. Now, this is the general view of the situation. A more detailed view of it is that we are in a crisis with no way back. We are approaching historic developments which will mark the birth of a new period in Venezuela, a new country for the next century.

[Rangel] Would the departure of CAP be a solution to the crisis?

[Chavez Frias] We have said that the departure from office of CAP was necessary. However, it would never be enough to bring about the changes which the situation requires. They pretend to be calling for an "independent" president, following the consensus reached by political party leaders.

[Rangel] The people are calling for action. The majority of the Venezuelan people are in favor of agreements, understandings, and compacts reached by consensus. What do you think of that?

[Chavez Frias] Since when have these agreements by consensus, these summit understandings, these political party arrangements done any good for the country? Since when can you say that these dead end streets have served the national interest? Any government which might come out of these arrangements between political party leaders will inevitably be contrary to the national interest, and the Venezuelan people cannot allow that. At this time, when we are facing the very survival of the republic, we must call on the sovereignty of the people and the general will, the will of the majority of the people, to prevent those dominant groups from succeeding in readjusting to the situation and leading us to an historic defeat of a new type which is against the people. [Rangel] So what is the way out of this crisis?

[Chavez Frias] This crisis is at the center of our strategic view. Since 1992 we have said that the only real way out of this terrible labyrinth in which we find ourselves must be found by new actors and by new political and social forces which will develop specific courses of action, leading to real changes. And at this historic moment there is only one creature under the sun which can sweep away the old actors and set in motion those social and political forces. That creature is the sovereign, Venezuelan people.

[Rangel] What do the people have to do to make these changes?

[Chavez Frias] It is specifically the Venezuelan people, exerting pressure in various ways, as the people have known how to do during the past few weeks, who can introduce these changes and decide that representatives of civilian society, university groups, farmers, workers, and the Venezuelan armed forces should take action to develop a consensus calling for present, political party leaders to leave the scene and introducing truly structural solutions for this crisis.

[Rangel] The need to define new choices has been mentioned. What are the most urgent choices?

[Chavez Frias] As we have said, a real choice must be designed outside the framework of existing, political party leaderships. The National Congress, for the first time in many years, could turn itself into an assembly where the problems of the country are resolved. Members of the Venezuelan Congress: this is the time when you should break your ties with the political party elites and move with your people to salvage your role before history. This is the moment when you should make use of the national sovereignty delegated to you by the Venezuelan people.

[Rangel] What would happen if they do not do this?

[Chavez Frias] If they do not do this, new conflicts of various kinds would occur on the national scene.

[Rangel] What specific action are you asking the National Congress to take?

[Chavez Frias] To declare an emergency and begin to pass urgent legislation to approve a draft law to deal with the emergency the country is facing.

[Rangel] How do you see this matter of legislating for the emergency?

[Chavez Frias] A draft law should lead us through this difficult period of transition which will emerge over the next few months. The National Congress should face the country and appear directly over the social communications media. A program should be prepared which keeps to the letter of the National Constitution. I will read to you the preamble of a constitution which states: "To protect and ennoble work, to support human dignity, to promote the general welfare and social security, to achieve equitable participation in the enjoyment of wealth, according to the principles of social justice, and to promote the development of the economy." These are among the fundamental purposes of the National Constitution.

[Rangel] Do you think that it is possible to legislate for this emergency?

[Chavez Frias] In specific terms we are proposing five basic points for this historic period which we are going through. In the first place, this transitional government should be civilian and military in character but should not include political party leaders. Neither political party nor military leaders should preside over this transitional government.

Secondly, elections to a National Constituent Assembly should be called which, as its name indicates, would reestablish the republic.

Thirdly, the presently uncontrolled, economic program should be redirected. It has brought the majority of the people into the worst and most miserable situation in our history. Fourthly, we demand that justice should be done and that the corrupt figures who have pillaged our national treasures should go to prison. Fifthly, we who are held captive by CAP demand amnesty for all political prisoners in the country. All military personnel should be returned to the FAN [National Armed Forces]. With the exception of this last point, on 4 February we included all of this in our call for a new government of national consensus.

[Rangel] What role should the FAN play in this crisis?

[Chavez Frias] A few days ago, when referring to this situation, the minister of defense said that we military people should not become involved in political discussions. However, the fact is that this is not a political debate but rather the destiny of our nation. It involves doing what we military people should do—first of all, as stated in Article 132 of the Constitution, maintaining the stability of democratic institutions and acting as guarantors of the implementation of the Constitution and laws of the republic. The Constitution states that sovereignty resides in the people, who exercise it through voting and through the institutions of government. In this situation, the FAN cannot allow the National Congress to continue taking sovereign power from the people and turning it over to dominant groups in the country. The armed forces must stand up and demand that the Constitution and laws of the republic should be applied, because that is their fundamental mission. If the National Armed Forces do not do this and in this way, then they will have decided to leap into the abyss and onto the ash heap of history, where traitors to the people's hopes will forever rest. Therefore, all military personnel should be alert and permanently on guard to ensure the implementation of the fundamental provisions of our Constitution.